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ABSTRACT

These instructional materials are designed for presenting home ownership information to learners of English as a Second Language (ESL). Eleven lessons are organized into four units addressing the process of ownership, including: deciding to buy a home (determining that current living quarters are too small, getting money to buy a home, credit reports, savings accounts); finding an appropriate home (determining needs, finding a home, deciding how much to offer); getting a mortgage (mortgage loans, shopping for a loan); and home ownership (protecting and maintaining, planning for monthly expenses). The instructional approach integrates language development with practical content. For each lesson, the teacher's guide provides objectives and warm-up and pre-reading activities to activate learners' prior knowledge. Each lesson contains reading passages and comprehension checks, discussion topics, small group and paired oral practice, and writing activities. In addition, exercises help students review vocabulary and grammar. The teacher's guide provides correct responses, resource information, and extension activities. A glossary and list of free resources are included in both student book and teacher's guide. The materials are geared for intermediate English proficiency, but may be used for advanced beginner and advanced ESL levels. (MSE) (Adjunct ERIC Clearinghouse on Literacy Education)

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English as a Second Language for Adults

ED 407 875

How to Buy a Home in the United States

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TEACHER'S GUIDE

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This teacher's guide and its companion student book were developed by the Fannie Mae Foundation in collaboration with the Center for Applied Linguistics, an educational institution in Washington, DC, with more than 35 years of experience preparing curricula and instructional materials for English as a Second Language (ESL) learners.

The Fannie Mae Foundation is a nonprofit organization formed and funded by Fannie Mae. Fannie Mae is a private company chartered by Congress to provide funds to lenders for home mortgages in communities across America. Among other activities, the Foundation provides information useful to those who want to buy a home in America. This guide is part of the Foundation's New Americans Initiative, which offers a number of home buyer publications helpful to new immigrants.

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English as a Second Language for Adults

How to Buy a Home in the United States

TEACHER'S GUIDE

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Preface

This teacher's guide is designed to assist you in presenting homeownership information to your class. As supplemental material, it should complement the language learning activities in your curriculum. It is important to understand that *you do not need to be a mortgage expert, or even a homeowner, to use the module successfully with your adult ESL learners.* We have provided much of the information needed to facilitate classroom discussions and present the activities included in the student guide.

The lessons in this guide are organized into four units that address the process of homeownership, from deciding to buy a home, looking for a home one wants to buy, acquiring a mortgage, and maintaining a home. The instructional approach integrates language development with practical content knowledge. Learners practice their reading, writing, listening, and speaking skills through meaningful and relevant content. Although the instructional materials have been geared for learners at an intermediate level of English proficiency, the lessons have been successful in advanced beginner and advanced ESL classes as well.

For each lesson, this teacher's guide provides one or more objectives and a variety of warm-up and pre-reading activities to help learners activate their prior knowledge. Each lesson contains several reading passages and comprehension checks, discussion topics for the whole class, oral practice for small groups and pairs, and writing activities. In addition, brief exercises assist the students in reviewing vocabulary and grammar. This guide provides the correct responses, resource information, and extension activities.

The lessons have been field tested in adult ESL classes in New York City, Washington, DC, and Virginia.

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Unit 1

Do you want to buy a home?

Unit 1

Do you want to buy a home?

1. What are the man and woman doing?
2. What are they talking about?
3. How do you think they feel?
4. Do you rent or own a home in the United States?
5. Is it difficult to find a home in your native country? What is available?
6. Do people in your native country rent or own their homes?
7. Do you think it is better to rent or own your home?

Unit One 1

Purpose
To introduce the topic of homeownership.

Warm-up
1. Ask learners to look at the picture on page 1.

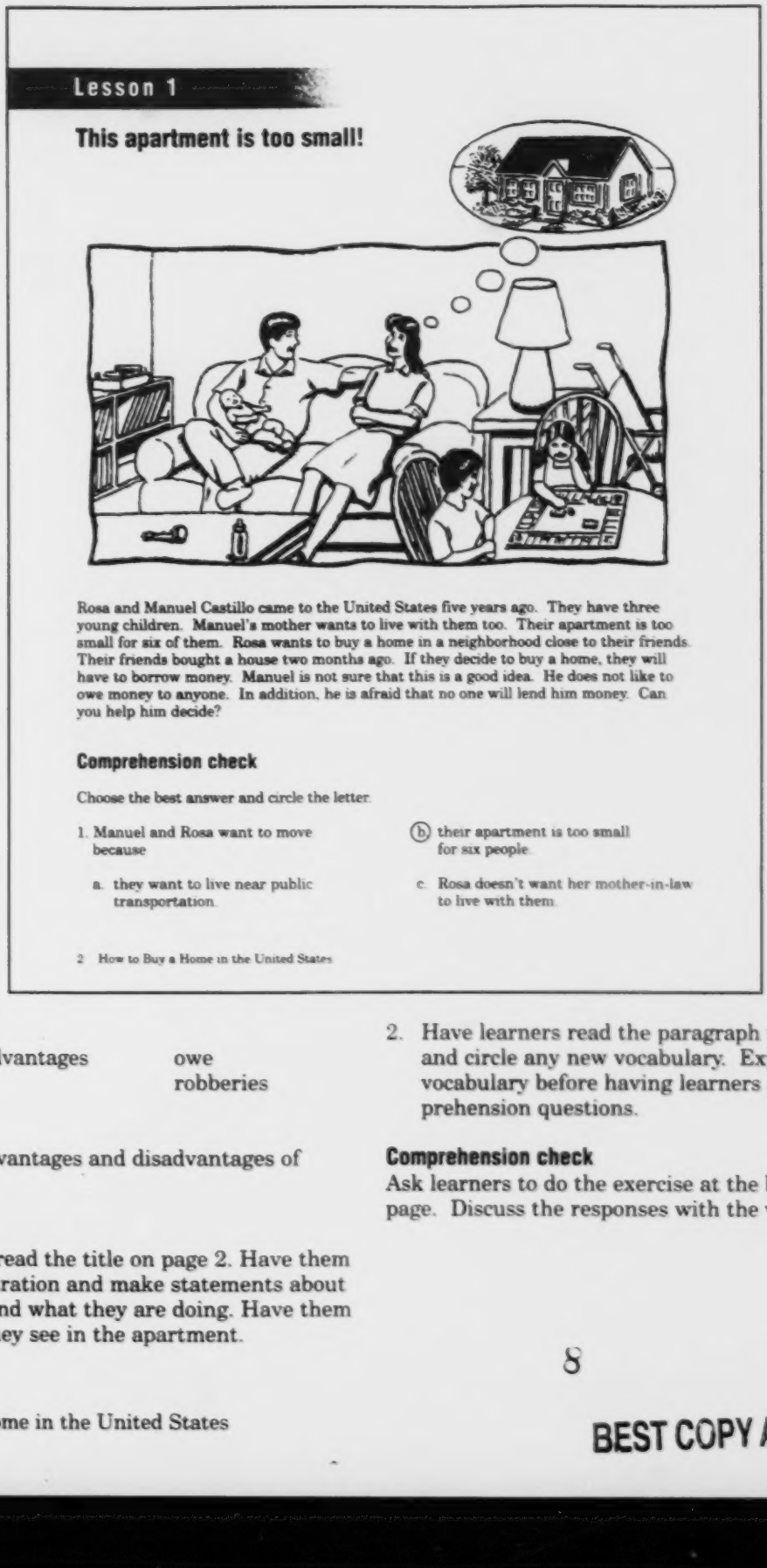
2. Use the questions to introduce the topic of homeownership. Have learners answer the first three questions about the picture. Next, find out what experiences your class has had with housing in both the United States and their native countries.

Find who in the class
- owns a house, townhouse, or condominium.
- owned a house in his or her native country.
- rents an apartment, house, townhouse, or condominium.

Post the results of your class survey on the board. Ask the learners where they would like to live in 1 year, 5 years, or 10 years. Would they prefer to rent or own? Ask how they plan to reach that goal and list their ideas on the board.

Lesson 1

This apartment is too small!



Lesson 1

This apartment is too small!

Rosa and Manuel Castillo came to the United States five years ago. They have three young children. Manuel's mother wants to live with them too. Their apartment is too small for six of them. Rosa wants to buy a home in a neighborhood close to their friends. Their friends bought a house two months ago. If they decide to buy a home, they will have to borrow money. Manuel is not sure that this is a good idea. He does not like to owe money to anyone. In addition, he is afraid that no one will lend him money. Can you help him decide?

Comprehension check

Choose the best answer and circle the letter.

1. Manuel and Rosa want to move because
   a. they want to live near public transportation.
   (b) their apartment is too small for six people.
   c. Rosa doesn't want her mother-in-law to live with them.

2 How to Buy a Home in the United States

Vocabulary

advantages	disadvantages	owe
borrow	lend	robberies

Purpose

To recognize the advantages and disadvantages of homeownership.

Pre-reading activity

1. Ask learners to read the title on page 2. Have them look at the illustration and make statements about the characters and what they are doing. Have them describe what they see in the apartment.
2. Have learners read the paragraph under the picture and circle any new vocabulary. Explain the difficult vocabulary before having learners answer the comprehension questions.

Comprehension check

Ask learners to do the exercise at the bottom of the page. Discuss the responses with the whole class.

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2. Rosa wants to move to

   (a) a neighborhood close to their friends.

   b. another city.

   c. a more expensive apartment.

3. Manuel is not sure that buying a home is a good idea because

   a. he likes his apartment.

   b. he doesn't want to move to another neighborhood.

   (c) he doesn't want to borrow money.

Talk about it!

Discuss these questions with your classmates. Report your group's answers to the class.

1. What should Rosa look for in a new neighborhood?
2. Manuel is not sure about buying a home. He doesn't want to borrow money. What advice can you give him?
3. What are the advantages and disadvantages of homeownership?

Advantages of homeownership

1. **A place of your own**
2. **Scheduled savings**
3. **Equity build-up**
4. **Tax benefits**
5. **Fix up as you like**
6.

Disadvantages of homeownership

1.
2.
3.
4.
5.
6.

Unit One 3

Talk about it!

Assign learners to groups and ask them to discuss the questions. Have groups report their answers to the class.

Here are some advantages the learners might suggest:

- tax advantages, such as mortgage interest deduction when itemizing income taxes
- equity
- a means for saving money (develops equity in the home)
- investment
- freedom to decorate as desired
- more privacy

Here are some disadvantages the learners might suggest:

- responsible for building maintenance and repairs
- cannot move freely (must sell property first)
- must pay real estate taxes (but tell students these can be itemized also)

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Vocabulary

Fill in the blank with the correct word.

borrow owe lend

1. Manuel paid all of his bills on time because he did not like to **owe** money to anyone.
2. It is less expensive to **borrow** books from a library than to buy them from a bookstore.
3. A classmate will **lend** you a pen if you forget yours.

Grammar review

The present perfect, when used with *for* and *since*, expresses an activity or situation that began in the past and continues to the present.

Example: They have lived in this neighborhood since July.

The simple past tense indicates that an activity or situation began and ended in the past or happened at a particular time in the past.

Example: The Castillos **arrived** in the United States on July 4, 1990.

Use the *present perfect* or the *past tense* of the verb in parentheses.

1. They (come) **came** to the United States three years ago.
2. The Castillos (rent) **have rented** their apartment since 1990.
3. The Castillos are not new neighbors. They (live) **have lived** in this same neighborhood for five years.
4. Their friends (buy) **bought** a new house two months ago.
5. There (be) **have been** more new houses built in the neighborhood since last year.

Vocabulary

Be sure that learners understand the difference between owe, borrow, and lend and can pronounce the words. Then ask them to fill in the blanks with the appropriate words. Ask learners to tell when they have owed or borrowed money.

Have learners role-play borrowing or lending money or a household item, such as a ladder. Discuss polite question forms to use when asking to borrow something.

Grammar review

The Grammar review section is meant to be a review of material that has already been taught. Point out that the present perfect tense expresses a situation that began in the past and continues to the present. Also explain that the simple past tense indicates that an activity began and ended in the past or happened at a particular time in the past. Review the difference between simple past and present perfect tense by asking learners about where they have lived. Then have learners fill in the blanks with the correct verb forms.

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4 How to Buy a Home in the United States

Writing

Write a letter to Rosa and Manuel Castillo. First, tell them about the advantages and disadvantages of homeownership. Next, give them your advice on buying a home.

Unit One 5

Writing

Before assigning the writing task, point out the different features in a letter, such as the greeting and the closing (e.g., Sincerely). Remind the learners to include these features in their letters. If desired, show the class a sample letter.

Before learners begin to write, review the advantages and disadvantages of homeownership. Refer to the "Talk about it!" exercise on page 3.

Put key vocabulary on the board or a flipchart to help less proficient learners with spelling.

Suggest a format for the letter. After the greeting and some introductory sentences, learners should mention they heard Rosa and Manuel are thinking about buying a home. In the first paragraph, learners can discuss the advantages. In a second paragraph, they can point out some disadvantages. In a third paragraph, the learners can make a recommendation to the Castillos.

If you wish, have learners read their letters aloud after completion.

Getting money to buy a home

Lesson 2

Getting money to buy a home

Usually, if you want to buy a home, you must borrow money. This type of loan is called a ***mortgage loan***. The mortgage loan means you are responsible for paying the lender back for the money you borrowed. If you fail to repay the lender, the lender could take possession of your house and sell it. The company or bank that makes the loan is called the ***mortgage lender***. The mortgage lender must decide if you will be able to repay your loan. The mortgage lender must have information about you to decide if you will be able to repay the loan.

The mortgage lender will ask

1. Have you been working for two years or more?
2. Do you pay your bills on time each month?
3. Have you saved money for a down payment?

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Vocabulary

debts	job history	mortgage loan
income	mortgage lender	repay

Purpose

To learn some of the requirements for buying a home.

To write a job history.

Warm-up

Before learners open their textbooks, ask them what they know about buying a home in the United States. Make a word map on the board with "Buying a Home in the USA" in the center. As learners give you their ideas, write them on the map. Be sure to ask questions about how people get money to finance their homes.

Ask learners to read the paragraph on page 6 and circle any new vocabulary. After explaining the vocabulary,

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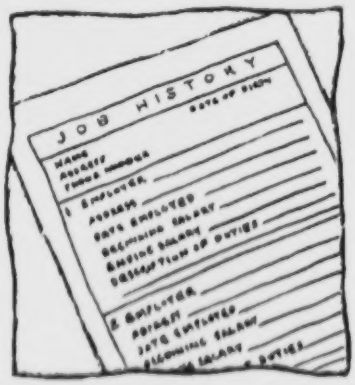
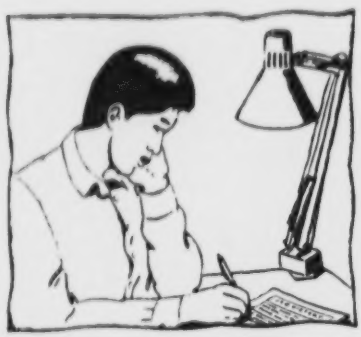
Your job history

The lender must know your **job history**. A job history tells where you have worked and how long you have worked at each job. It will also show how much money you made at each job. The lender likes to see that you have been working for two or more years. It does not matter whether you had one job or a couple of different jobs during the two years, so long as your job history is in the same field and shows the lender that you have enough income to repay your mortgage loan.



Buonlap's job history

Buonlap has lived in the United States since 1991. His first job was at C & D Components as an electronic assembler. He worked there for 30 hours a week for two months from September to November. The pay was only $12,000 a year, and he needed more money. He got a job for more pay at Pacific Components. Buonlap was an electronic's assembler at this company from November 1991 until December 1994. He was earning $20,000 a year when he left to become a supervisor at Electro Tech. He has been working there since January 1995. His salary is now $29,000 a year.



ask questions about the information the mortgage lenders need before they make a mortgage loan.

Pre-reading activity

1. Ask learners to read the headings on page 7. Have them look at the illustration of the job history and guess the purpose of this form. Next, ask the class to look at the picture of Buonlap and tell what the character is doing. Ask them to guess why he is writing his job history.
2. Have learners read the paragraphs and circle any new vocabulary. Explain the difficult vocabulary before having learners answer the comprehension questions.
3. Discuss Buonlap's job history with learners. Ask them to take a mortgage lender's perspective. Does Buonlap's job history suggest he might be a good candidate for a mortgage loan?

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Comprehension check

Choose the best answer and circle the letter.

1. The mortgage lender must have information about you to decide if you will
   a. be a good homeowner.
   (b) repay your mortgage loan.
   c. open a savings account.
2. A job history does not show
   a. where you have worked.
   b. how much money you made.
   (c) how much money you owe.
3. Buonlap has worked
   a. for two years.
   (b) more than four years.
   c. about three years.
4. Buonlap's annual salary at Pacific Components was
   a. $18,000.
   (b) $20,000.
   c. $29,000.

5. Fill in the rest of Buonlap's job history. List his most recent employment first.

Position	Company	Dates	Salary
Supervisor	Electro Tech.	1/95 - Present	$27,000
Supervisor	Electro Tech.	1/95 - Present	$27,000
Electronic Assembler	**Pacific Components**	**1/91-12/94**	**$20,000**
Electronic Assembler	**C&D Components**	**9/91-11/91**	**$12,000**

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Comprehension check
Ask learners to do the comprehension exercise on page 8. Discuss the responses with the whole class.

For question 5, have learners reread Buonlap's job history on page 7. Explain that the sample entry given here represents Buonlap's current job. Review the other jobs Buonlap had. Point out to learners that the job history should be written backward in time: the most recent job first and the first job last.

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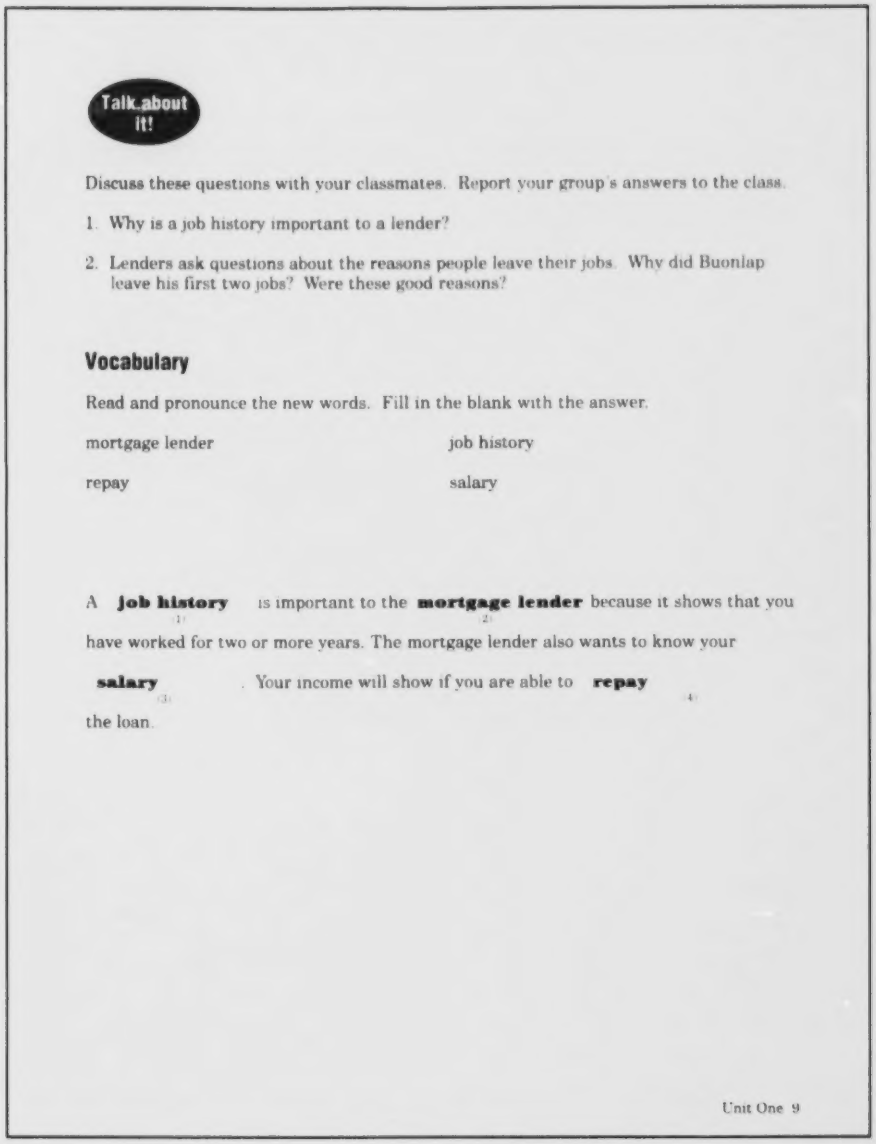

Talk about it!

Discuss these questions with your classmates. Report your group's answers to the class.

1. Why is a job history important to a lender?
2. Lenders ask questions about the reasons people leave their jobs. Why did Buonlap leave his first two jobs? Were these good reasons?

Vocabulary

Read and pronounce the new words. Fill in the blank with the answer.

mortgage lender — job history

repay — salary

A **job history** (1) is important to the **mortgage lender** (2) because it shows that you have worked for two or more years. The mortgage lender also wants to know your **salary** (3). Your income will show if you are able to **repay** (4) the loan.

Unit One 9

Talk about it!
Assign learners to groups and ask them to discuss the questions. Have groups report their answers to the class.

Answers will vary.

Vocabulary
Ask the class to read and practice the vocabulary words. Then ask them to fill in the blanks with the appropriate words.

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Grammar review

The present perfect with *for* and *since*

***For* shows the length of time of the action.**
Example:
They have worked at Electro Tech **for three months.**

***Since* shows the time that the action began.**
Example:
They have worked at Electro Tech **since January.**

Answer the following questions using the *present perfect* with *for* or *since*.

1. How long has Buonlap lived in the United States? (five years)
2. How long has Buonlap worked at Electro Tech? (more than a year)
3. How long has Buonlap worked in the electronics assembly business? (September 1991)
4. How long have you lived in the United States? (for...)
5. How long have you worked at your present job? (since...)

Writing

Think about your own job history. Try to remember what position or job title you had, where you worked, the dates of your employment, and your salary. Then fill in the form below. Remember to begin with the job you have now. It is important to give correct information. Lenders will call the employers to check your work history.

Position	Company	Dates of Employment	Salary

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Grammar review

When you review the use of **for** and **since** with the present perfect, mention that since is usually followed by a specific time in the past — since Monday or since last December. Review the structure by asking learners "Where do you work?" and "How long have you worked there?" Finally, have learners complete the Grammar review exercise using **for** or **since.**

Writing

Point out to learners that a job history is necessary whenever they apply for a new job, not only when applying for a loan. Ask them to write their own job histories on the form provided on page 10. Remind them to begin with their most recent job and work backward in time. They may want to refer to Buonlap's history on page 8.

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Oral practice — in pairs

Interview a classmate and complete the job history form. The questions below should help you. Do not ask your classmate about salary. In the United States it is not polite to casually ask others how much money they make. Banks, businesses, and employers may ask about your salary for business reasons.

1. What is your job title?
2. Where do you work?
3. When did you begin work at this job?
4. What work did you do before?
5. Where did you work before?
6. How long did you work at that position?

Name

Position	Company	Dates of Employment	Salary
			XXXXXX
			XXXXXX
			XXXXXX
			XXXXXX
			XXXXXX
			XXXXXX
			XXXXXX

Oral practice — in pairs

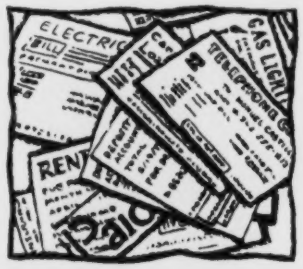
Have learners interview each other using the present perfect and simple past tense and the suggested questions. Point out that they should not tell how much money they made.

If desired, set this interview up as a role-play with a mortgage lender. In this case, asking about salary would be appropriate. Another question for the role-play might be, "How long have you lived at your current address?"

Your credit report

Lesson 3

Your credit report



When you ask for a mortgage loan, you must list all your **debts** and the monthly payments you owe. For example, you may owe money on a car loan. Perhaps you owe money to credit card companies. The mortgage lender will get a **credit report** from a credit reporting agency to check the information you have given it.

A credit report lists all your credit cards and loans. It shows how much money you owe and how long you have owed this amount. It also shows the type of loan and your payment plan. All this information will help the mortgage lender decide if you will be able to repay a mortgage loan.

Nontraditional Credit History—If you do not have credit cards or have never taken a loan from a bank or business, you can still put together a credit history. You can show that you pay your rent, telephone, car insurance, and utility bills on time each month. For example, you can collect records of cancelled checks or make copies of monthly bills that do not have late charges. This is called a nontraditional credit history.

Tran's credit report

Business	Date Reported	Date Opened	Date of Last Payment	Highest Credit	Balance Owing	Amount Past Due	No. Payments Past Due	Length of Time Past Due	Type of Payment	Remarks
First National Bank	2/6/95		1/95		$800	$0	0	0	Installment	$100/MO
Wilson Dept. Store	2/10/95		1/95		$400	$0	0	0	Revolving	$25/MO
Excellent Credit Card	2/8/95		10/94		$1,000	$600	3	90 days and over	Open 30 days	

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Vocabulary

agency	credit report	late charges
cancelled checks	debts	utility
check (v.)		

Purpose

To be familiar with a credit report and its use.

Warm-up

Some adults do not like to use credit cards. They dislike debt of any kind. Discuss the advantages and disadvantages of credit cards. Discuss how credit cards and other types of credit are used in the United States. Ask some of the following questions:

- How do you feel about debt?
- Are credit cards a good idea?
- Why is it important to pay bills on time?
- Some credit card companies award airline miles or gifts. What is your opinion of this practice?

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Comprehension check

Choose the best answer and circle the letter.

1. A mortgage lender wants to see a credit report
   a. to find out where you shop.
   (b) to decide if you will be able to repay a mortgage loan.
   c. to see how much money you have in the bank.
2. You can get a copy of your credit report from
   a. your bank.
   b. the library.
   (c) a credit reporting agency.
3. If you do not have credit cards or have never had a loan, you can
   (a) put together your own nontraditional credit history.
   b. get a letter from a bank.
   c. get a letter from a credit reporting agency.
4. Tran owes money to
   a. First National Bank and Wilson Department Store.
   b. Wilson Department Store and Excellent Credit Card.
   (c) First National Bank, Wilson Department Store, and Excellent Credit Card.
5. Tran has not made a payment to Excellent Credit Card
   a. since October.
   b. for at least 90 days.
   (c) both a and b.

Talk about it!

Discuss these questions with your classmates. Report your group's answers to the class.

1. Does Tran pay his bills on time?
2. Which debt has not been paid?
3. How can Tran improve his credit rating?
4. What would a lender say about Tran's credit report?

Pre-reading activity

1. Ask learners to read the title "Your Credit Report." Have them look at the illustrations on page 12 and guess what a credit report is.

2. Have learners read the paragraphs under the pictures and circle any new vocabulary.

   Explain the difference between a credit report and a nontraditional credit history. You will also have to explain the different categories listed on Tran's credit report. Learners should understand the different types of payment plans. Explain the difficult vocabulary before having learners answer the comprehension questions.

Comprehension check

Ask learners to do the exercise on page 13. Discuss the responses with the whole class.

Talk about it!

Assign learners to groups and ask them to discuss the questions. Have groups report their answers to the class.

Answers will vary.

Vocabulary

Fill in the blank with the correct answer.

debt check utilities cancelled checks late charges agency

1. If you don't pay your credit card bill on time, you have to pay **late charges**.
2. You can make copies of your **cancelled checks** for a nontraditional credit history.
3. **Debt** is the money you owe for credit cards, car loans, school loans, and any other loans.
4. Electricity, gas, and water are **utilities**.
5. A mortgage lender will **check** your credit history.
6. You can get a copy of your credit report from a credit reporting **agency**.

Vocabulary
Ask the class to read and practice the vocabulary words. Then ask them to fill in the blanks with the appropriate words.

In the space below the vocabulary exercise, learners can reflect on their personal expenses. Suggest they create three columns labeled Checks, Debt, and Utilities. Under each column, have them list

1. businesses they regularly write checks or money orders to;
2. any debts they have; and
3. any utility bills they pay.

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14 How to Buy a Home in the United States

Grammar review

A conditional sentence has two clauses, a dependent clause beginning with *if* and a main clause.

Real conditional — the situation is true in the present and will possibly happen in the future. **Use the simple present tense in the "if clause" and the simple future tense in the main clause.**

Example: If you **apply** for a mortgage loan, the mortgage lender **will send** for your credit report.

Combine the sentences using the real conditional.

Example: Mr. Nguyen wants to have a good credit rating. Then he should pay his bills on time.

If Mr. Nguyen pays his bills on time, he will have a good credit rating.

1. Manuel wants to show that he pays his bills on time. Then he should collect records of cancelled checks or make copies of monthly bills.
If Manuel collects records of cancelled checks or makes copies of monthly bills, he will show that he pays his bills on time.

2. The Moreaus want to be able to buy a house someday. Then they should start saving money in a savings account.
If the Moreaus start saving money in a savings account, they will be able to buy a house someday.

3. Fred wants to get a loan to buy a car. Then he should have a good credit report.
If Fred has a good credit report, he will get a loan to buy a car.

4. Tran wants to improve his credit rating. Then he should pay his Excellent Credit Card bill.
If Tran pays his Excellent Credit Card bill, he will improve his credit rating.

Writing

Some credit reporting agencies will not charge you for a credit report. Find one in the yellow pages of your phone book under "Credit Reporting Agencies." Then, write a short letter to the agency to request your credit report.

Grammar review

Have learners look at the box under Grammar review. Point out that the simple present tense is used in the if clause, and the future tense is used in the main clause when the situation is true in the present and will possibly happen in the future. Also demonstrate that the position of the two clauses can be reversed. Demonstrate how the sentences can be rewritten by using the example in the box.

Answers

1. If Manuel collects records of cancelled checks or makes copies of monthly bills, he will show that he pays his bills on time.

2. If the Moreaus start saving money in a savings account, they will be able to buy a house someday.

3. If Fred has a good credit report, he will get a loan to buy a car.

4. If Tran pays his Excellent Credit Card bill, he will improve his credit rating.

Writing

Explain that learners can get their own credit reports from a credit reporting agency. Most companies charge a fee for credit reports. You or your class may have to call around to find one that doesn't. The company will probably want to have the individual's complete name, social security number, and address. Many of these companies have a tape-recorded message with instructions on how to request the information.

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Savings accounts

Lesson 4

Savings accounts

Usually when you buy a home, you must pay at least 5 percent of the price immediately. This is called the **down payment**. (However, you may be able to get a mortgage loan with only a 3 percent down payment.) You will need some extra money too for **closing costs**. Closing costs will include payments for taxes, insurance, the attorney fees, and other expenses. You pay the closing costs only once, when you sign all of the papers for your new home. You must show that you have enough money in a bank account for the down payment and closing costs. The lender likes to see that you have been saving money.

Example: $40,000 (house price) x .05 = $2,000 (down payment)

House Price	5% Down Payment
$100,000	$5,000
$80,000	$4,000
$50,000	$2,500
$40,000	$2,000

Andre's savings account

Andre Moreau does not like banks and does not have a checking account or a savings account. He always cashes his paycheck and keeps the money under his bed. Andre's wife says that it is better to put the money into a bank. She says that they need to save to buy a house someday.

16 How to Buy a Home in the United States

Vocabulary

attorney
closing costs
down payment
fees
sales price

Purpose

To understand the importance of savings accounts.

Warm-up

Discuss the advantages of saving money in a savings account. Write some of these ideas on the board. Talk about saving for long-term financial goals. Discuss the reasons that a mortgage lender would like the borrower to have a savings account.

Pre-reading activity

1. Ask learners to read the titles. Ask them where people usually save money. Ask them where Andre has his savings account.

2. Have learners read the paragraphs and circle any new vocabulary. Explain the difficult vocabulary before having learners answer the comprehension questions.

Comprehension check

Choose the best answer and circle the letter.

1. The down payment is usually
   a. 5 percent of the mortgage loan.
   (b) 5 percent of the sales price of the home.
   c. 3 percent of the sales price of the home.

2. You must pay closing costs
   a. every month.
   b. only if you have extra money.
   (c) at the same time as your down payment.

3. The lender wants to see that you have enough money in your savings account
   (a) for the down payment and closing costs.
   b. for home improvements.
   c. to pay the attorneys.

4. Andre Moreau keeps his money
   a. in a checking account.
   b. in a savings account.
   (c) under the bed.

Unit One 17

Comprehension check
Have learners do the comprehension exercise. Discuss the responses with the whole class.

Additional activities

1. Collect information about savings accounts from different banks or credit unions. Have the class decide which savings accounts are best for them.

2. Take the class on a field trip to a local bank to learn about its services.

3. Invite a local bank representative to speak to your class. Have learners prepare questions for the speaker's visit.

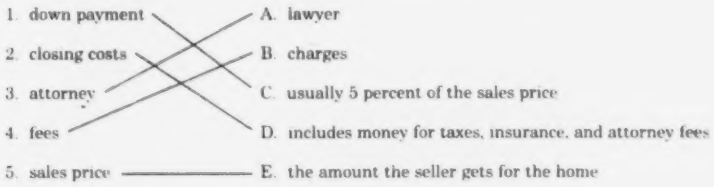
Talk about it!

Discuss these questions with your classmates. Report your group's answers to the class. Be sure to explain your answers.

1. Is it safe to save money in your house?
2. What are the advantages of saving money in the bank?
3. How do people in your native country save money?
4. Are banks in your native country safe?
5. Do you think the banks in the United States are safe?

Vocabulary

Match the word with the definition by drawing a line between them.


1. down payment
2. closing costs
3. attorney
4. fees
5. sales price
A. lawyer
B. charges
C. usually 5 percent of the sales price
D. includes money for taxes, insurance, and attorney fees
E. the amount the seller gets for the home

Talk about it

Assign learners to groups and ask them to discuss the questions. Have groups report their answers to the class. Discuss pros and cons of keeping money at home. For questions 3 and 4, allow a wide number of responses from the learners.

Vocabulary

Ask the class to read and practice the vocabulary. Then ask them to match the words to the definitions.

Assign some learners or small groups of learners to do some investigating. Have them call some real estate agents and mortgage lenders to see what fees and closing costs include in their region of the United States.

Grammar review

Unreal conditional — the situation is contrary to fact (not true) in the past and in the future. Use the simple past tense in the "if clause" and *would* or *could* in the main clause.

Examples: If you **wanted** to save money, you **could** open a savings account.
If you **had** to open a savings account, your local bank representative **would** help you.

Note: I *was* and he, she, and it *was* become I *were* and he, she, and it *were* when used in the "if clause."

Complete the sentences using *would* or *could*.

1. If you wanted to buy a house,
2. If you wanted to get a mortgage,
3. If you paid your bills on time,
4. If you showed a mortgage lender that you have enough money for closing costs and a down payment,

Writing

My long-term financial goals

If you have long-term financial goals, for example, buying a house, you can begin to save for those goals now. List a few of your long-term goals on the lines below.

1.
2.
3.

Saving money for your financial goals

Write about your plans or ideas to save money. Explain why you are saving money and what you expect to happen if you follow those plans.

Unit One 19

Grammar review

Have learners look at the box under Grammar review. Point out that the simple past tense is used in the **if** clause, and **would** or **could** is used in the main clause when the situation is contrary to fact (not true) in the past and in the future. Also, mention the exception noted at the bottom of the box. Ask learners to complete the sentences using **would** or **could** and their own words.

Answers will vary.

Writing

Explain long-term financial goals and ask the class to give examples. Discuss plans for meeting those goals. Have learners write their own financial goals and their plans for achieving these goals. Some sample goals that students might generate are

- buying a home
- starting a business
- paying for a child's college education.

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Unit 1 Review

Checking the facts

Answer True or False.

1. You must have worked at the same job for two years. T (F)
2. The mortgage lender will not check your job history or your credit report. T (F)
3. The down payment is a percentage of the house sales price. (T) F
4. The closing costs include the attorney fees. (T) F

Vocabulary to remember

Fill in the blanks.

1. The type of loan you get to buy a home is a **mortgage loan**
2. The mortgage **lender** must decide if you can repay a loan.
3. A list of the places you have worked and the dates of your employment is a **job history**
4. A **credit report** will show if you have paid your bills on time.
5. If you do not have credit cards and have never taken a loan, you can collect records to make your own **nontraditional credit history**
6. The lender will check to see that you have the **down payment** and the **closing costs** in a bank account.

Working with numbers

Find 5 percent of the house price to calculate the down payment.

House Price	Down Payment
$90,000	**$4,500**
$75,000	**$3,750**
$50,000	**$2,500**

Checking the facts

Answer True or False.

1. F
2. F
3. T
4. T

Vocabulary to remember

Fill in the blanks.

1. mortgage loan
2. lender
3. job history
4. credit report
5. nontraditional credit history
6. down payment, closing costs

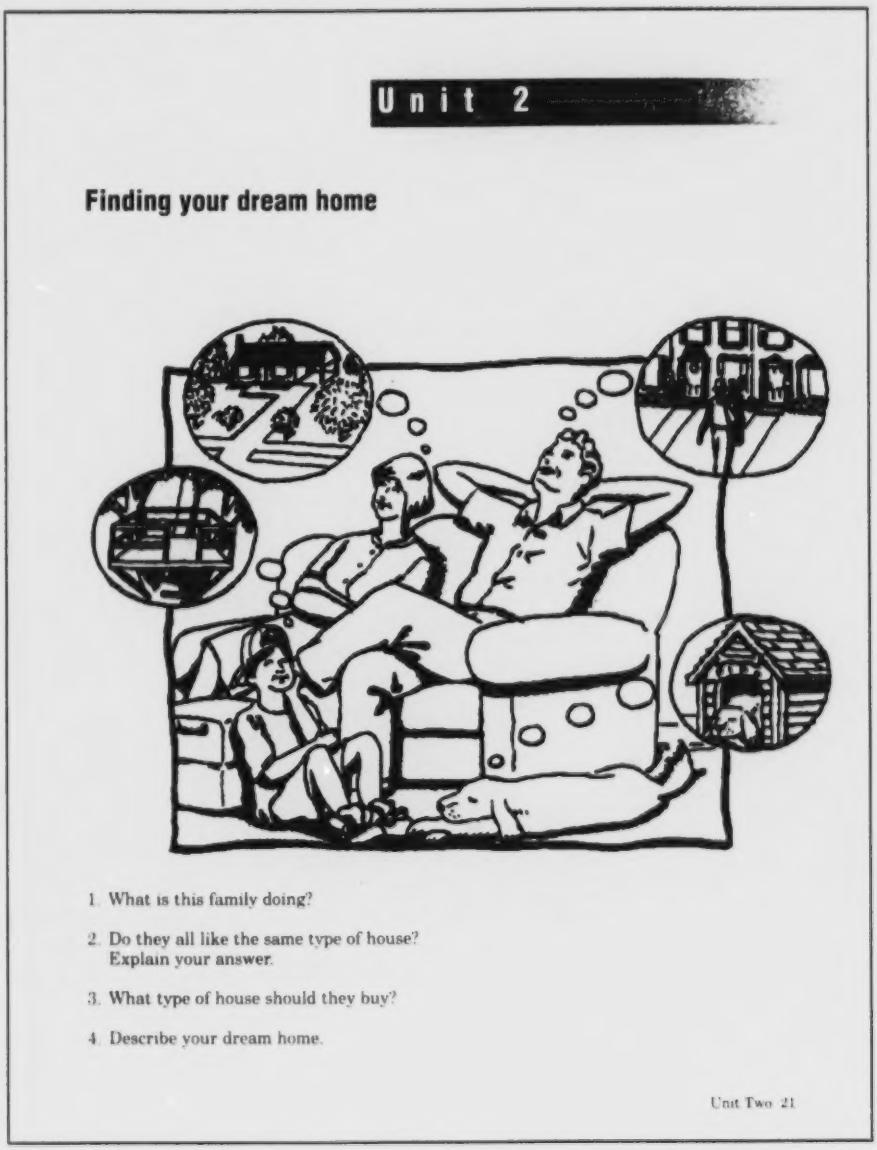
Working with numbers

Find 5 percent of the house sales price to calculate the down payment.

Answers:
$4,500
$3,750
$2,500

Unit 2

Finding your dream house


Unit 2
Finding your dream home
1. What is this family doing?
2. Do they all like the same type of house? Explain your answer.
3. What type of house should they buy?
4. Describe your dream home.
Unit Two 21

Purpose
To describe the type of home you would like.

Warm-up
1. Ask learners to look at the picture on page 21.

2. Use the questions to introduce a discussion of various types of homes and locations. Have learners describe their dream houses. You might want to have pictures of different homes on hand in order to prompt learners to talk about different house styles.

3. Next talk about how the housing in the United States compares with housing in the learners' native countries. Did they live in apartments or houses? Did they live with other family members or alone? Did their homes have heat or air-conditioning?

Lesson 1

Deciding what you want

Lesson 1

Deciding what you want

Think about the kind of house you want and where you would like to live. If you know what you want, it will be easier to find a house that is right for you. The following questions should help you.

Do you want a new home or an older home?

New houses can be more expensive than old houses, but they are usually better insulated and have better heating systems. Maintenance costs are often lower for a new home. However, older homes may be larger and offer more special features for less money.

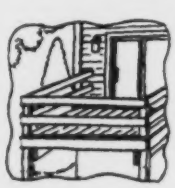
Where do you want to live?

Location is important. Many people need to live near their workplace or near public transportation. For families with children it is important to live in an area that has good schools. Others may want to be close to stores.

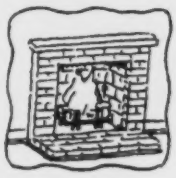
What size house do you need?

Consider how many rooms your family will need. You may want a house that has only one floor or level. Will you need to have a basement or an attic? In addition, the home should be large enough for your family in five years. If you want a large yard, remember that more land will increase the price of your house.

What special features are important to you?



Deck



Fireplace

Air-conditioning

Vocabulary

air-conditioning
colonial
condominium
cooperative
deck
duplex
exterior features
fireplace
floor
floor plan
heating systems
increase
insulated
level
luxury features
maintenance
porch
ranch
siding
story
stucco
townhouse
Victorian
yard

Purpose

To describe the type of home you would like to own.

Pre-reading activity

1. In order to teach the related vocabulary, bring in pictures and photographs of different types of home exteriors and interiors. Be prepared to talk about the styles of homes in your area as well as the styles mentioned in the book. Photographs or illustra-

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Which style of house do you like?

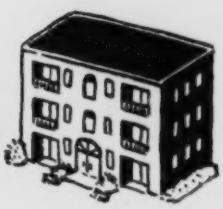
Ranch

Victorian

Colonial

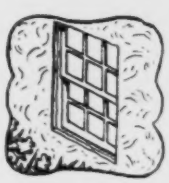
Duplex

Townhouse



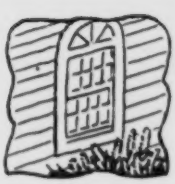
Apartment

Which type of exterior do you prefer?



Stucco

Brick



Siding

Unit Two 23

tions of various special features will also help to clarify vocabulary.

2. Begin the lesson by asking learners to read the questions in boldface print on pages 22 and 23. Discuss each of these questions with the class before asking them to read. Show the class photographs of different homes to prompt discussion. Ask what special features are important to them and have learners explain their answers.

3. Finally, have learners read pages 22 and 23.

   Pair learners and have them describe their dream house or apartment to each other. They should use some of the vocabulary they learned in this lesson. Some less proficient learners may want to sketch their ideal home and work with their partner to describe it orally.

Types of ownership

Most people buy a single-family home with land. However, there are other types of ownership, including the following:

Condominium (condo) — The buyer owns a home, usually a single unit in a multiunit building. However, all the buyers share the ownership of the hallways, elevators, laundry, recreation rooms, and other common areas. In addition, they pay a monthly charge for maintenance and operations.

Cooperative (co-op) — The buyer owns a share of the building corporation but does not own the apartment. The share is equal to the value of a single apartment. The owner can stay in the apartment because of a lease or other occupant agreement. The cooperative owner must pay a monthly maintenance charge and a part of the mortgage payment for the whole building. The cooperative board or committee must give permission before new people can buy a share and move into the building.

Comprehension check

Choose the best answer and circle the letter.

1. New homes are
   a. usually more expensive than older homes.
   b. usually better insulated and have better heating systems.
   (c) both a and b.
2. Examples of special features are
   a. windows, doors, and sinks.
   (b) a deck, a fireplace, and air-conditioning.
   c. bathtub, stove, and refrigerator.
3. Ranch, Victorian, and Colonial are
   a. different types of exteriors.
   b. different types of interiors.
   (c) different styles of houses.

Comprehension check
Ask learners to do the comprehension exercise on pages 24 and 25. Discuss the responses with the whole class.

Note: If you are in an area where condominiums and cooperatives are popular, you will want to have your class read and discuss the definitions on page 24. If there are no condominiums or cooperatives in your area, you may choose to omit this information.

4. Check (✔) if the words describe a condominium owner, a cooperative owner, or both.

	Condominium Owner	Cooperative Owner
Pays a monthly maintenance charge	✔	✔
Pays part of the building's mortgage		✔
Owns home	✔	
Owns share of building corporation		✔

Talk about it!

In a group, discuss the important things you will look for in a house. You can add to the list below. Rank which five things are the most important. Compare your list with other groups and discuss your choices.

__ Size and number of rooms

__ Location (for example, city, suburbs, near stores or schools)

__ Transportation (for example, buses or trains nearby)

__ Price

__ Yard

__

__

__

Talk about it!
Assign learners to groups and ask them to discuss how they would decide to buy a home and the factors that would influence that decision. Have them rank their preferences. Ask groups to report to the class.

Additional activity
Assign learners to groups and ask them to write and design a newspaper advertisement for a house or apartment. Some groups can take the seller's view and write a "for sale" ad. Others can be potential buyers and write a want ad. This activity will prepare learners for the next lesson.

Vocabulary

Which words have the same or similar meaning as the words in italics? Circle the letter of the correct answer.

1. Condominium and cooperative owners pay a monthly charge for *maintenance*.

   (a) repairs b. the laundry room

2. If your home is not *insulated*, you will have to pay more for heating or air-conditioning.

   a. made with bricks (b) protected against hot or cold temperatures

3. Luxury features, such as a swimming pool, will *increase* the cost of a house.

   (a) raise b. lower

4. Stucco and siding are two types of *exterior*.

   (a) the outside covering b. the inside covering

5. A ranch house has only one *level*.

   a. garage (b) floor

26 How to Buy a Home in the United States

Vocabulary

Have the class read and practice the vocabulary words listed at the beginning of Unit 2, Lesson 1, in the Teacher's Manual. Then have them read the sentences in the vocabulary activity on page 26 and choose the word that has the same meaning as the word in italics.

Assign some of the other words to pairs or small groups and ask them to generate sentences like the ones on page 26.

Grammar review

Comparing two things or two groups of things

The comparative degree of one-syllable adjectives is formed by adding *er*.
One-syllable comparative = adjective + er
Example: (small–smaller)
Town houses are **smaller** than Victorian houses.

The comparative degree of adjectives with more than two syllables is formed by using *more*.
More than two syllables = more + adjective
Example: (expensive–more expensive)
Large houses are **more expensive** than small houses.

The comparative form of all adjectives is followed by *than* plus the second item being compared.

Use the comparative degree of adjectives to write sentences about the differences between old homes and new homes.

1.

2.

3.

4.

5.

Writing

First, think about your home here and in your native country. Make a list of how these homes are different and how they are the same. Use the following questions to help you compare the two. Then, write a paragraph comparing your home here with the one in your native country.

- Where did you live? Where do you live now?
- What was your home like in your native country? What is your home like now?
- What did you like more or less about your home in your native country? What do you like better or less about your home here?

Unit Two 27

Grammar review

The Grammar review section is meant to be a review of material that has already been taught. Review the comparative form of adjectives. Demonstrate how the comparative is formed with one-syllable and some two-syllable words and how it is formed with words of two or more syllables. Point out that the comparative form of adjectives is followed by **than** and the second item being compared. Have learners use the comparative to write sentences about old homes and new homes.

Answers will vary.

Writing

Use the questions provided to prompt a discussion of homes in the United States versus homes in the learners' native countries. Write adjectives on the board as learners describe the differences. Have the class read the directions to the writing activity on page 27. After they have made a list of differences and similarities, ask learners to write a paragraph on this topic.

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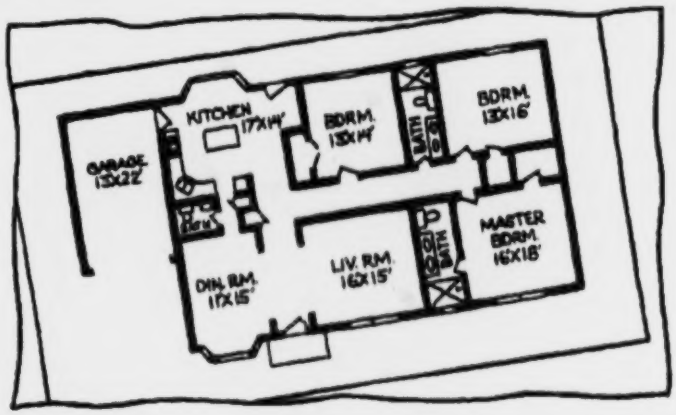
Oral practice — in pairs

Floor plan



In your opinion, are the rooms in this house large or small? Use a tape measure to find out the size of your classroom. Draw a floor plan of your classroom or school building.

Find a partner...

Draw a floor plan of your dream house. Be sure to include doors, windows, and major appliances. Next, work with a partner for the following activity.

Partner A: Do not show your floor plan to Partner B. Describe what you have drawn.

Partner B: Draw the floor plan that Partner A describes. When you are finished, compare your floor plan with the dream house that Partner A drew.

28 How to Buy a Home in the United States

Oral practice — in pairs

After discussing the floor plan on page 28, have learners draw floor plans for their dream homes. Next, have one partner describe the floor plan while the other draws it. You may want to place a barrier (for example, a file folder) between the two partners so that they cannot see each other's floor plan.

Remind learners of the discussion activity they completed on page 23. In that exercise, learners spoke about features of their dream home. Unless rulers are available, have the learners roughly estimate the dimensions as they draw the floor plans.

How to find the right home

Lesson 2

How to find the right home

Word of mouth

Tell all your friends that you are interested in buying a home. Someone may know of a house that has not been listed yet. They may know a house that is just right for you.

"For sale" signs

Go to a neighborhood you like. Look for "for sale" signs. If you find a house you like, call the telephone number on the sign. The telephone number will be for a real estate agency or the owner.

Newspaper ads

Read the classified ads in your newspaper. The ads will describe the house and may give an asking price. Sometimes the ads will list an open house. This means that you can go into the house and look around on a specified day and time.

Unit Two 29

Vocabulary

asking price	listed
commission	open house
community services	shoppers' guide
home inspector	word of mouth

Purpose

To identify different ways of finding a home to buy.

Note: It will be useful to bring copies of the real estate ad section of the newspaper as well as some shoppers' guides to class for this lesson.

Pre-reading activity

1. Ask learners to suggest ways of finding a home to buy. Write their ideas on the board.

2. Have learners read the headings on pages 29 and 30 and compare them with the ideas on the board. Ask learners to read both pages and circle any new vocabulary. Explain the difficult vocabulary before having learners answer the comprehension questions.

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Shoppers' guides

Shoppers' guides have pictures and descriptions of houses that are for sale. You can find these small magazines in supermarkets and at newsstands. They are usually free.

Real estate agent

A real estate agent can help you find a house. One way to find a real estate agent is by word of mouth. Ask friends if they can give you the name of someone they like and trust. Do not choose someone just because he or she speaks your native language. And remember, never sign anything you do not understand.

The agent makes a commission or a percentage of the sales price of the house. The house sellers usually pay the agent after they sell the house. Sometimes it is possible to find an agent who works for the buyer. That means the buyer will pay the agent a commission or the buyer's agent will split the commission with the seller's agent.

A real estate agent can

1. Help you decide how much money to offer for a home.
2. Use your list of house requirements to get a computerized list of houses that are right for you.
3. Show you houses that meet your requirements.
4. Give you information about house prices and property taxes in a neighborhood. The agent can also tell you about the schools and other community services (for example, garbage collection).
5. Give the offer you make to the seller.
6. Give you information about mortgage lenders, professional home inspectors, and other professional services that you will need.

3. Ask learners if they have ever looked for a home by using one of these methods. Ask them to describe their experiences. Find out if learners have anyone comparable to real estate agents in their native country. Reiterate the advantages of working with a real estate sales professional.

   Spend some time explaining the real estate agent's role. Point out that question 5 is a requirement. Agents must present all offers.

Comprehension check

Choose the best answer and circle the letter.

1. Newspaper ads will probably give a short description of the home for sale.

   a. the name of the owner, and the address.

   b. the telephone number, and the name of the owner.

   (c) the asking price, and the day and time of an open house.

2. You can find shoppers' guides in

   a. the library.

   (b) supermarkets and at newsstands.

   c. department stores.

3. usually pays the real estate agent.

   (a) The house seller

   b. The house buyer

   c. The mortgage lender

Comprehension check
Ask learners to do the comprehension exercise on page 31. Discuss the responses with the whole class.

For the next class meeting ask some learners to bring in newspaper ads or shoppers' guides that they find in their community.

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Talk about it!

Discuss these questions with your classmates. Report your group's answers to the class.

In your opinion...

1. Why is the house in Avon the least expensive?
2. Why is the house in Springfield the most expensive?
3. Which house might you buy? Explain your answer.

Newspaper ads

Houses for Sale

Pinehill **$90,500**

3 BR 2 1/2 BA duplex overlooks park 1-car gar For sale by owner 999-555-3490

Avon **$80,000**

2 BR red brick col needs work Open Sat 9 - 12 Granger Realty 999-555-9867

Springfield **$135,000**

Charming TH 2BR 1BA (potential for 2nd) Lg eat-in kit w/Fr doors DR & LR w/new hdwd flrs CP sl priv back yd brick patio 910 Fenderson 999-555-3672

Vocabulary — abbreviations

What do these abbreviations mean? Look through newspaper ads in your local paper and add other abbreviations to this list.

BA **bath**	TH **townhouse**	LR **living room**
BR **bedroom**	Lg **large**	hdwd flrs **hardwood floors**
gar **garage**	w/Fr doors **with French doors**	yd **yard**

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Talk about it!

Assign learners to groups and ask them to look at the newspaper ads on page 32. Ask them to discuss the answers to the three questions. Remind them that they are to give their opinions. Ask groups to report their answers to the class.

Answers will vary.

Vocabulary — abbreviations

Ask learners to supply the word for each abbreviation. Mention that learners may see different abbreviations for the same word in different classified ads. Have the class look through newspaper ads in the local newspaper and add abbreviations to this list.

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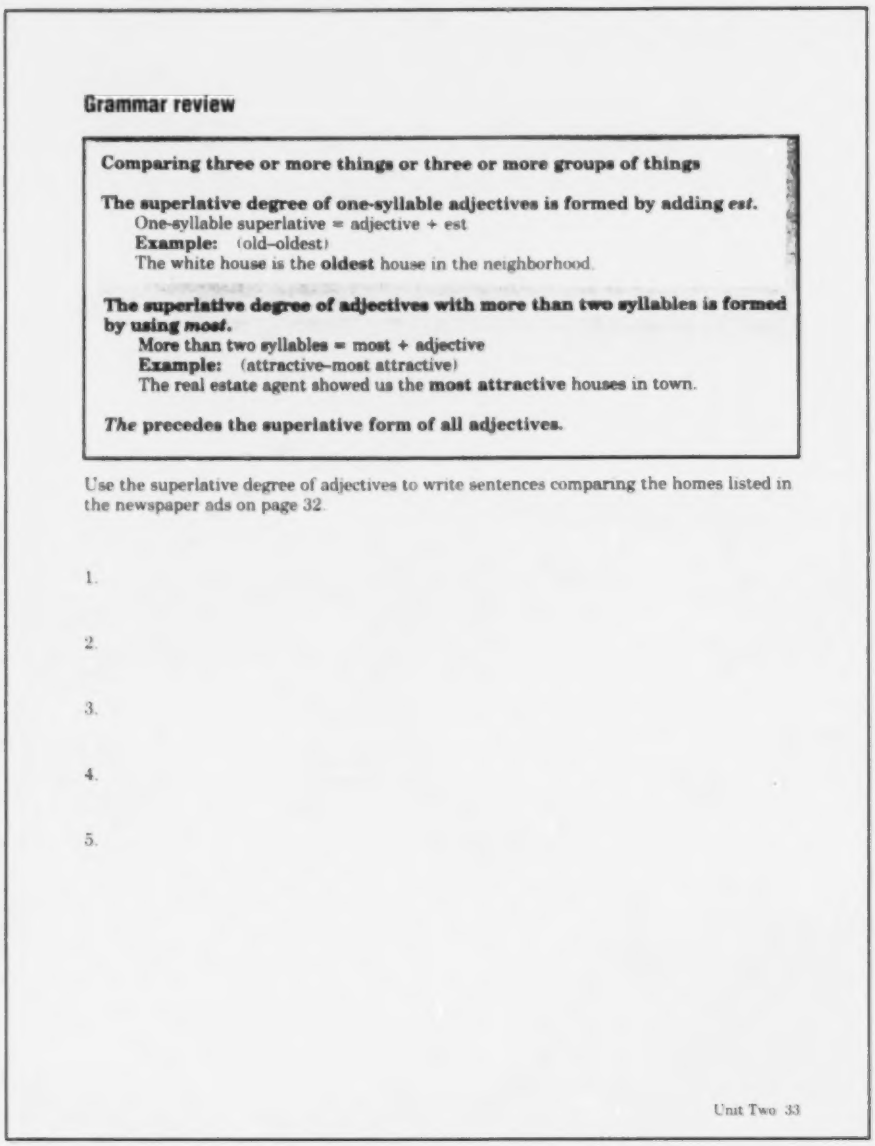

Grammar review

Comparing three or more things or three or more groups of things

The superlative degree of one-syllable adjectives is formed by adding *est*.
One-syllable superlative = adjective + est
Example: (old–oldest)
The white house is the **oldest** house in the neighborhood.

The superlative degree of adjectives with more than two syllables is formed by using *most*.
More than two syllables = most + adjective
Example: (attractive–most attractive)
The real estate agent showed us the **most attractive** houses in town.

***The* precedes the superlative form of all adjectives.**

Use the superlative degree of adjectives to write sentences comparing the homes listed in the newspaper ads on page 32.

1.

2.

3.

4.

5.

Unit Two 33

Grammar review
Review the superlative form of adjectives. Demonstrate how the superlative is formed with one-syllable and some two-syllable words and with words of two or more syllables. Point out that **the** precedes the superlative form of adjectives. Refer back to the Grammar review on page 27 and discuss the differences between comparatives and superlatives.

Have learners use the superlative form to write sentences comparing and contrasting the houses listed in the newspaper ads in the Talk about it section on page 32.

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Writing

Which of the three houses listed below meets most of your housing preferences? Make a list of questions that you would like to ask the owner about that house.

Shoppers' guide

Which of the three houses meets most of your housing preferences?

CRYSTAL COVE **$129,000**

Brick ranch. 3 BR, 1 1/2 BA, 2-car garage, and a fenced backyard. Walk to shopping and restaurants from this terrific neighborhood. 7th Avenue and Greenway Parkway 999-555-4876

PALISADES

3 BR/ 2 BA townhouse plus family room. Close to everything. All for $85,000. Tracy Brown, Inc. 999-555-2987

MOUNTAIN VIEW **999-555-1234**

2 BR/1 BA fixer-upper special. Hdwd floors, f'place, in old neighborhood. Now priced $40,000. For sale by owner.

Writing
Ask learners to read the house descriptions from the shoppers' guide. Ask them to keep in mind their own housing preferences and to choose the house they would most like. Have them write a list of questions they would like to ask the owners. These questions may address a range of interests and concerns, such as information about the condition of the house, size of the yard, and distinguishing features of the neighborhood.

Oral practice — in pairs

First, compare your housing requirements for your dream home with the information about the house below. Make a list of the features you like and dislike.

Partner A: You are selling this house. Try to sell it to Partner B by talking about the advantages this house offers.

Partner B: Use your list of likes and dislikes to decide if you want to buy this house. Tell the seller about the features you dislike.

TLC REAL ESTATE
67 Elder Avenue
Chester, MA 01287

Residential property information

Address:	89 Maple Street, Chester	Asking price:	$87,000
Near:	Center Street		
Lot size:	5,200 sq. ft.		
Taxes:	$1,578		
Type:	1-level ranch		
Exterior:	Brick	Bsmt.:	Full, unfinished
Roof:	Shingle	Heat:	Gas
Appliances:	Stove, washer/dryer		Patio

	LR	DR	KT	BR1	BR2	BR3	BR4	BTHS	OTHER
Rooms	X	X	X	X	X			1 1/2	

Oral practice — in pairs

Ask one partner to be A, the real estate agent, and the other to be B, the house buyer. The real estate agent will point out the winning features in the house, while the buyer will compare these features to the list of housing requirements from page 25. The buyer must decide whether to buy the house. Next, ask partners to switch roles so that Partner B can be the real estate agent while Partner A is the house buyer. Finally, ask one pair to perform their role-play for the class.

Deciding how much to offer

Lesson 3

Deciding how much to offer

You may decide to pay the owner's asking price for the house. However, you can offer less than the asking price. Before you decide, ask these questions:

1. Is the asking price about the same as the recent sales price of similar homes in the neighborhood?

The market value means the selling price of similar homes in the area. Your real estate agent should find out the market value of other houses in the neighborhood. This can tell you if the asking price is fair.

2. Is the house in good condition?

If the house is in need of major repairs, it will be worth less.

3. Do the owners have to sell quickly?

If the owners have to sell quickly, they may take less money. It is a good idea to find out how long the house has been on the market.

4. How much can you afford?

Know how much money you can give as a down payment. Also, be sure you can afford all the monthly housing payments, including mortgage, taxes, insurance, and utilities. Sometimes the seller will pay for repairs before your final offer. If the seller can pay for some of the costs, the asking price may be fair.

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Vocabulary

asking price	market value	on the market
condition	offer	similar

Purpose

To understand some of the considerations in making an offer to buy.

Pre-reading activity

1. Have learners look at the illustration on page 36 and ask them what the two prices are. Ask the class why they think the prices are different. Tell the class that they can make an offer that is less than the asking price depending on the answers to the four questions on the page.

2. Ask learners to read the page and circle any new vocabulary. Explain the difficult vocabulary before having learners answer the comprehension questions.

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Comprehension check

Choose the best answer and circle the letter.

1. The asking price is the amount
   (a) the seller wants for the home.
   b. the buyer pays for the home.
   c. the bank wants for the home.

2. The market value is
   a. the price of the most expensive home in the neighborhood.
   (b) the selling price of similar homes in the neighborhood.
   c. the asking price of similar homes in the neighborhood.

3. If the house has been for sale for a long time, the owner will probably
   a. increase the asking price.
   (b) decrease the asking price.
   c. decrease the market value.

4. If the house needs many repairs, the owner will probably
   a. increase the asking price.
   (b) decrease the asking price.
   c. decrease the market value.

Unit Two 37

Comprehension check
Ask learners to do the comprehension exercise on page 37. Discuss the responses with the whole class.

Talk about it!

In a group, decide how much you will offer for this house. Explain your reasons to the class.

The house on Preston Drive is selling for $150,000. It has 3 bedrooms, 1½ baths, and a living room. The house is 30 years old and needs a new kitchen and a new roof.

Vocabulary

Read and pronounce the new words. Fill in the blank with the best answer.

asking price market value similar condition offer

The house on Larkspur Lane was in good **condition** (1) , except for the leaking roof. The **market value** (2) of **similar** (3) houses in the area was $135,000. Mrs. Sherman, the owner of the house, felt that the **asking price** (4) of $150,000 was fair. However, the Greens made an **offer** (5) of $125,000 because they knew they would have to repair the roof.

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Talk about it

Assign learners to groups and ask them to look at the house on page 38. Have them read the paragraph below and ask them to discuss how much they would offer for the house on Preston Drive. Remind them that there are no right or wrong answers. Ask groups to report and explain their decisions to the class.

Vocabulary

Ask the class to read and practice the vocabulary words. Then ask them to fill in the blanks with the appropriate words.

Grammar review

Using comparative and superlative adjectives

Example: A townhouse is **larger** than an apartment.
A colonial house is the **largest** of the three.

Find ads for three different houses in the real estate section of the newspaper. Write sentences using the comparative and superlative forms of adjectives to describe their differences.

1.

2.

3.

4.

5.

Grammar review

Have learners review the use of the comparative and the superlative forms. Ask them to find ads for three different houses in the real estate section of the newspaper. (You might want to use the same three ads for the entire class.) Have learners write sentences that compare and contrast the three houses.

Learners can refer to page 27 to review the comparative form and page 33 to review the superlative form.

If some learners need assistance, generate a list of possible adjectives with the class to use in this writing exercise. Possibilities include: **large, small, attractive, unusual, expensive, old, new, spacious,** and so forth.

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Writing

Go to an open house, walk through a model home in your area, or watch a real estate show on television. Fill out this checklist for each house that you see. It will help you compare houses. If you look at a house, do not be afraid to ask the seller and the real estate agent questions.

House checklist

Location:			
Price:	$	(asking)	
Neighborhood:	Ideal	Acceptable	Poor
Style:			
Condition:	Excellent	Good	Poor
Rooms:	Bedrooms	Bathrooms	Living room
	Kitchen	Dining room	Garage
	Others		
Special features:	Air-conditioning	Deck	Porch
	Fireplace		
Other information:	Lot size	Stores	Schools
	Taxes	Transportation	
Heat:	Forced air	Radiators	Other
Fuel:	Gas	Oil	Electric

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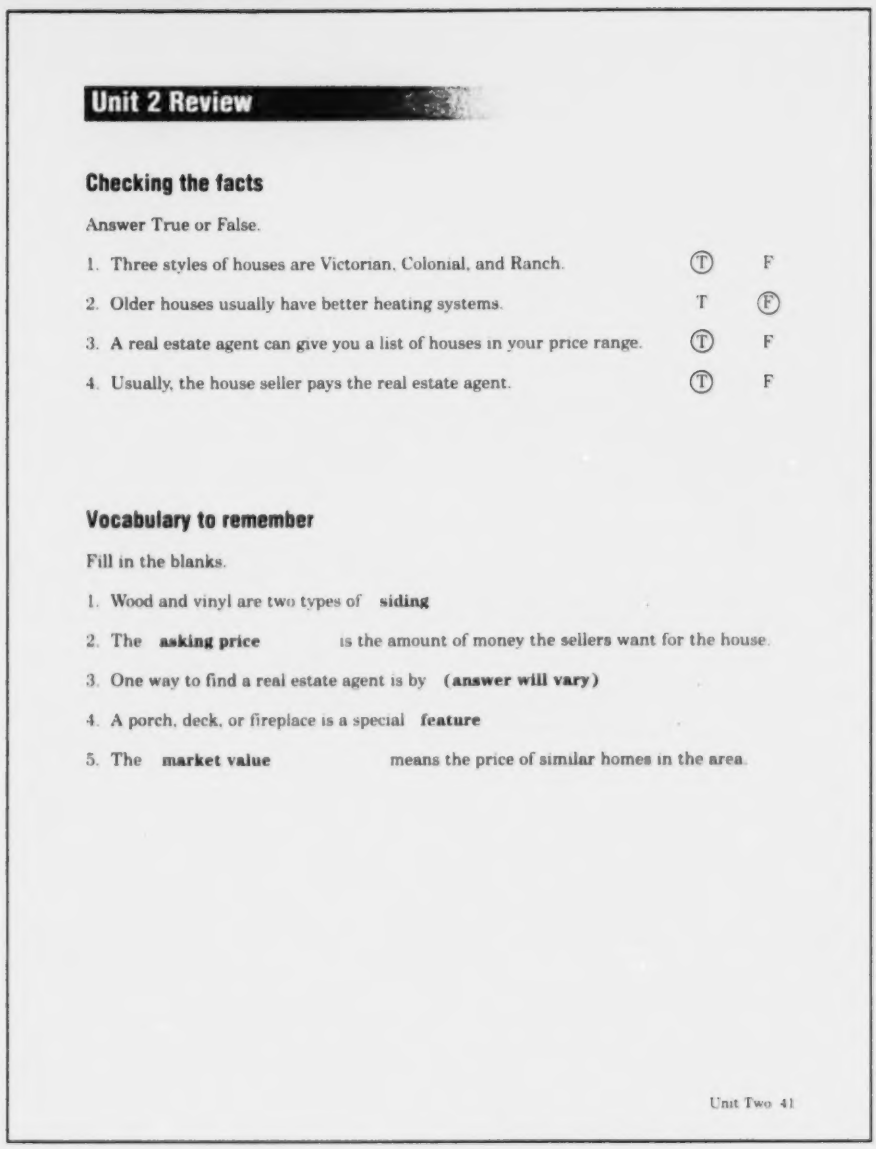
Writing

Ask learners to attend an open house or walk through a model home in their area. You could also tape a real estate television show and show it in class. Have learners complete the checklist on page 40 for each house they see. Tell the learners to use the space at the bottom of the form to write notes about additional information. Have learners talk about the homes they have visited or have seen on the videotape by referring to their checklists.

Unit 2 Review



Unit 2 Review

Checking the facts

Answer True or False.

1. Three styles of houses are Victorian, Colonial, and Ranch. (T) F
2. Older houses usually have better heating systems. T (F)
3. A real estate agent can give you a list of houses in your price range. (T) F
4. Usually, the house seller pays the real estate agent. (T) F

Vocabulary to remember

Fill in the blanks.

1. Wood and vinyl are two types of **siding**
2. The **asking price** is the amount of money the sellers want for the house.
3. One way to find a real estate agent is by **(answer will vary)**
4. A porch, deck, or fireplace is a special **feature**
5. The **market value** means the price of similar homes in the area.

Unit Two 41

Checking the facts

Answer True or False

1. T
2. F
3. T
4. T

Vocabulary to remember

Fill in the blanks.

1. siding
2. asking price
3. (answers will vary)
4. feature
5. market value

Unit 3

Getting a mortgage may be easier than you think!

Unit 3

Getting a mortgage may be easier than you think!

1. What are Rosa and Manuel Castillo doing?
2. How do you think Rosa and Manuel feel?
3. How can Rosa and Manuel get help to buy their dream home?

Purpose
To learn some basic information about mortgages.

Warm-up
1. Ask learners to look at the picture on page 43. Use the questions to introduce the topic of mortgages. Have learners answer the questions about the picture.

2. Use a word map with the word **mortgage** in the center. Ask learners what they know about mortgages and write their responses on the map. Learners who have already purchased homes may know some of the vocabulary and information in this unit. Call on these learners to share their experiences with their classmates.

Note: The teacher does not have to be a mortgage expert. If you cannot answer learners' questions, you can demonstrate how they might find the answers. A local mortgage lender should also be able to supply information to your class.

What you should know about mortgage loans

Lesson 1

What you should know about mortgage loans

When you shop for clothes or food, you compare prices. When you shop for a loan, you must compare the **terms of the loan**. The terms of the loan include the type of mortgage, the size of the down payment, the amount you can borrow, the interest rate, and the length of time you have to repay. When you call different mortgage lenders about their terms, these are some definitions that you should know.

Principal is the amount of money that you actually borrow or the amount of the loan that is still unpaid.

Interest is the charge for using the lender's money. Lenders often change their rates daily. In addition, they have different rates for different types of mortgage loans.

Fixed-rate mortgage loan means you always pay the same rate of interest.

Adjustable-rate mortgage (ARM) loan means your rate will increase or decrease usually once or twice a year.

Term is the amount of time that you have to repay the loan. People often choose a term of 30 years to repay. Generally, the more time you have to repay the loan, the lower the monthly payments will be.

Points refer to a type of fee that lenders may charge. Each point equals 1 percent of the loan amount. One point on a $50,000 mortgage loan equals $500. The more points that you pay on the loan, the lower the interest rate is. You pay the points only once, on closing day.

Down payment requirement is the lender's lowest allowable down payment and is the part of the purchase price that the buyer pays in cash.

Closing costs are the expenses buyers and sellers pay to transfer ownership of a home. These expenses are in addition to the sales price of the property. Closing costs can include the loan application fee, title fees, and attorney fees. The law says the lender must give you a statement of the estimated closing costs within 72 hours of when you apply for a loan.

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Vocabulary

adjustable-rate	percent
attorney	points
decrease	price
down payment	principal
fixed-rate	purchase rate
increase	rate
interest	term

Purpose

To know basic information about mortgage loans.

Pre-reading activity

1. Ask learners how they decide to shop at a certain supermarket or store. Prompt a discussion about the necessity of comparison shopping. Point out that one needs to compare mortgage loans before choosing a mortgage lender.

2. Have learners read pages 44 and 45 and circle any new vocabulary. Explain the difficult vocabulary before having learners do the comprehension exercise. *The mortgage loan vocabulary is difficult. Ask learners to put the definitions in their own words.*

Special mortgage loans can help you buy your dream home

Special mortgage loans can help you buy your dream home

Many lenders and some communities have programs to help first-time buyers. With some of these programs, you may be able to accept a gift from a relative. Or, you may be able to borrow part of the money you will need for a down payment or closing costs from a local nonprofit organization or government agency. With other special mortgage programs, you may be able to get money that you will not have to repay. You can use this money to cover some of the costs of buying a home.

Special loan programs

Special loan programs often exist to help first-time buyers. With some of these programs, you may be able to accept a gift from a relative or borrow a portion of the money you will need for the down payment and closing costs from a local nonprofit organization or government agency. With others, you may be able to get a grant or other funds that you will not have to repay and can use to cover some of these costs. If you don't qualify for a mortgage based on some of the traditional underwriting factors described earlier, you may want to find lenders who offer special mortgage loans like these. These loans allow you to use a greater percentage of your income toward monthly housing expenses and will not require you to have two months of cash in reserve at closing. If you don't have a traditional credit history, you can show you have a good credit history using your rent and utility receipts. Ask lenders in your area about these programs.

Explain to learners that special mortgages allow more flexibility for borrowers, especially first-time buyers. Through these programs, more people can qualify more easily for a loan.

Note: Background information. Traditional mortgages had strict underwriting ratios (e.g., 28 percent of one's monthly income could be used for mortgage payments), required a 10-percent down payment, and require two months of mortgage payments in reserves in the bank. Special mortgages have different underwriting ratios, require less money down, and may waive the two months' reserve requirement.

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Comprehension check

Choose the best answer and circle the letter.

1. When you shop for a mortgage loan, you should
   a. look for the lowest interest rate.
   b. ask for a term of 30 years.
   (c.) compare the terms of a loan.

2. The principal is the
   (a.) amount of money that you borrow.
   b. charge for using the lender's money.
   c. amount of time you have to repay the loan.

3. include the loan application fee, the lawyer's fees, and the credit report fee.
   a. Points
   (b.) Closing costs
   c. Down payment requirements

4. Some special mortgage programs
   (a.) help first-time buyers who have difficulty paying the down payment and closing costs.
   b. give you a free home.
   c. help first-time home buyers who get money from relatives.

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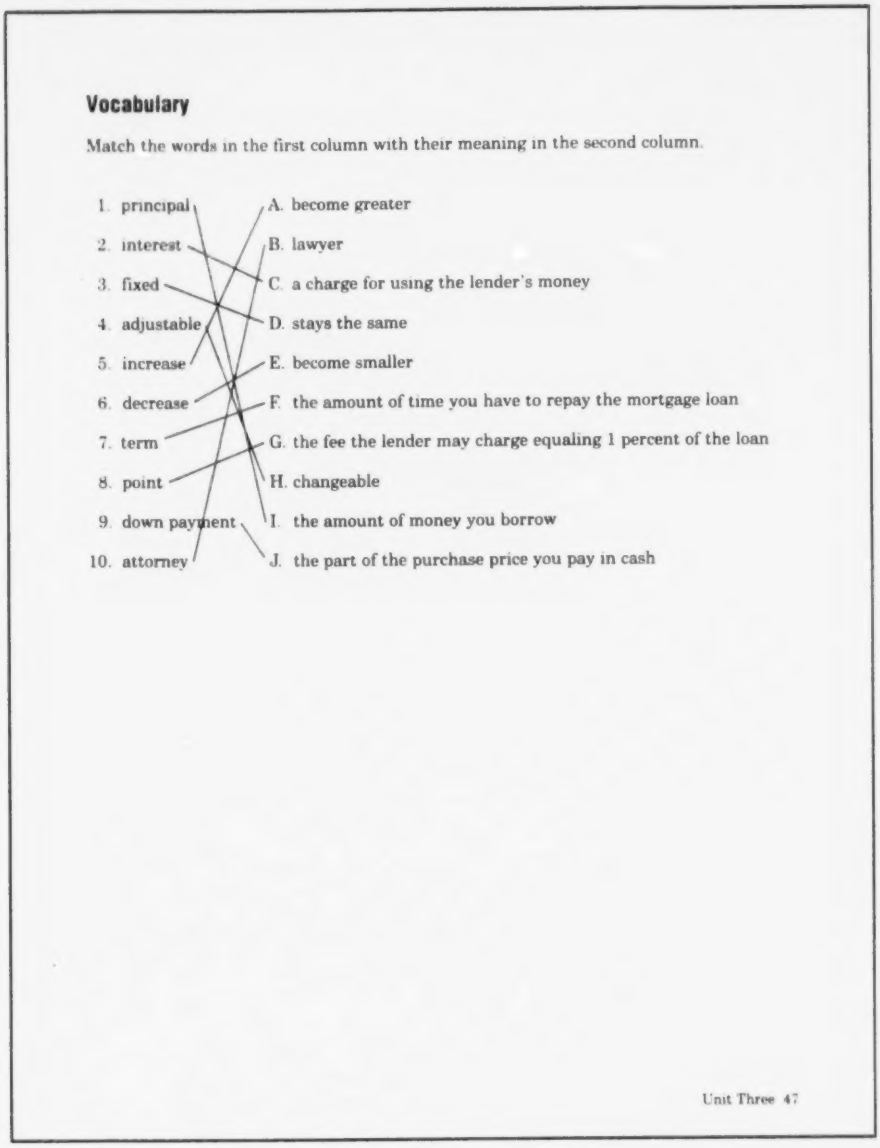
Comprehension check
Ask learners to choose the best answer and circle the letter. Discuss the responses with the whole class.



Vocabulary

Match the words in the first column with their meaning in the second column.

1. principal
2. interest
3. fixed
4. adjustable
5. increase
6. decrease
7. term
8. point
9. down payment
10. attorney

A. become greater
B. lawyer
C. a charge for using the lender's money
D. stays the same
E. become smaller
F. the amount of time you have to repay the mortgage loan
G. the fee the lender may charge equaling 1 percent of the loan
H. changeable
I. the amount of money you borrow
J. the part of the purchase price you pay in cash

Unit Three 47

Vocabulary

Have the class read over the words in the two columns. You may want to point out that this is not an exercise in finding synonyms. Then have the learners match the words in the first column with their meanings in the second column.

1. principal = I. the amount of money you borrow
2. interest = C. a charge for using the lender's money
3. fixed = D. stays the same
4. adjustable = H. changeable
5. increase = A. become greater
6. decrease = E. become smaller
7. term = F. the amount of time you have to repay the mortgage loan
8. points = G. the fee the lender may charge equaling 1 percent of the loan
9. down payment = J. the part of the purchase price you pay in cash
10. attorney = B. lawyer

Talk about it!

Mohammad Zayed wants to buy a town house for $58,000. He has saved some money, but he will need a loan. He has an appointment to meet with a lender at his bank. He has already completed the following application worksheet because he knows the lender will ask for this information.

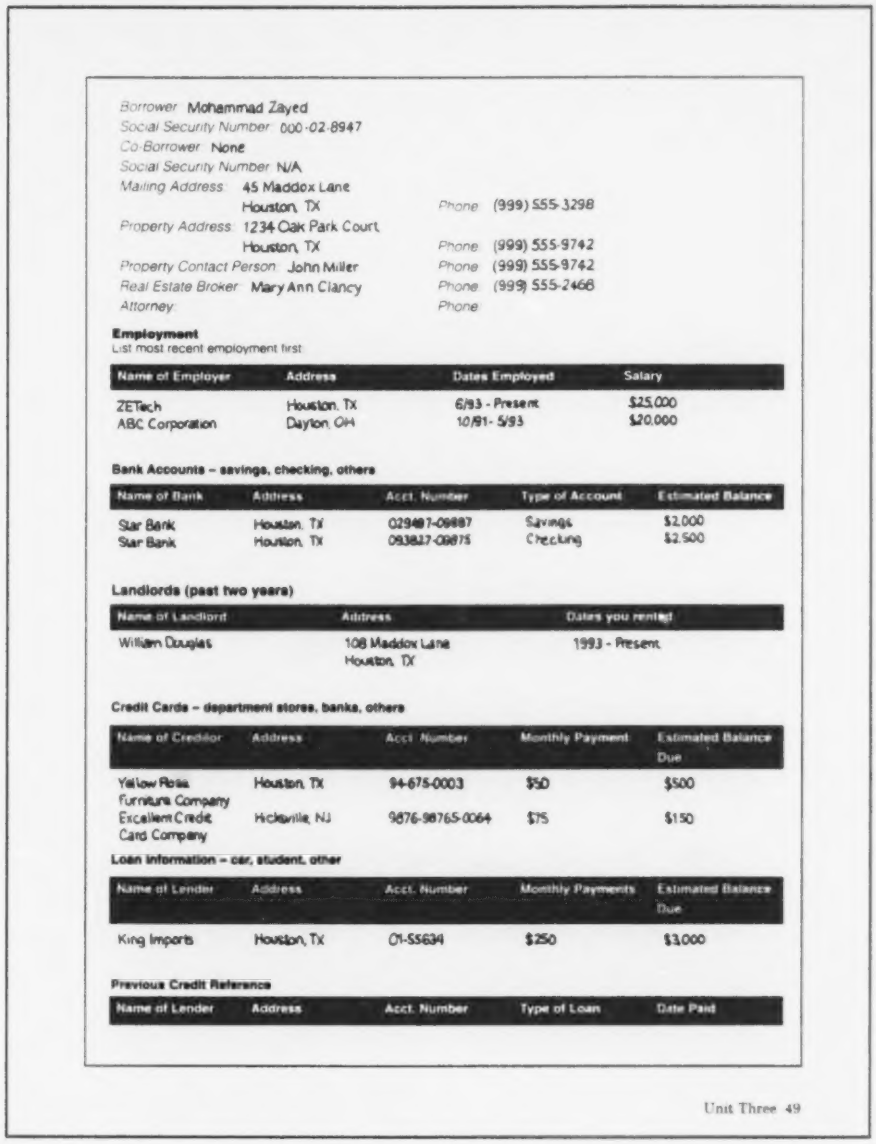
Read Mohammad's loan application worksheet on the next page and discuss these questions with your classmates. Report your group's answers to the class.

1. How much money does Mohammad have in his bank accounts? **$4,500**
2. How much is Mohammad's total debt? **$3,650**
3. If the loan requires a minimum down payment of 5 percent, how much will Mohammad's down payment be? **$2,900**
4. Mohammad plans to make a $3,000 down payment and borrow $55,000 over 30 years at 8 percent. How much will his monthly mortgage payments be? Refer to the Monthly Payment chart on page 59. **$404**
5. In your opinion, will Mohammad be able to repay this loan? Explain your answer. **Answers will vary.**

Talk about it

Assign learners to groups and have them read about Mohammad Zayed and look at his loan application worksheet on page 49. Explain that Mohammad has completed the worksheet himself to prepare for his meeting with the mortgage lender. Have learners answer the questions on page 48 with their groups. Ask groups to report their answers to the class.

To answer question 5, remind learners to consider Mohammad's monthly income, monthly expenditures, and outstanding debts.



Borrower: Mohammad Zayed
Social Security Number: 000-02-8947
Co-Borrower: None
Social Security Number: N/A
Mailing Address: 45 Maddox Lane, Houston, TX — Phone: (999) 555-3298
Property Address: 1234 Oak Park Court, Houston, TX — Phone: (999) 555-9742
Property Contact Person: John Miller — Phone: (999) 555-9742
Real Estate Broker: Mary Ann Clancy — Phone: (999) 555-2466
Attorney: — Phone:

Employment
List most recent employment first

Name of Employer	Address	Dates Employed	Salary
ZETech	Houston, TX	6/93 - Present	$25,000
ABC Corporation	Dayton, OH	10/91 - 5/93	$20,000

Bank Accounts – savings, checking, others

Name of Bank	Address	Acct. Number	Type of Account	Estimated Balance
Star Bank	Houston, TX	029487-09887	Savings	$2,000
Star Bank	Houston, TX	093827-09875	Checking	$2,500

Landlords (past two years)

Name of Landlord	Address	Dates you rented
William Douglas	108 Maddox Lane, Houston, TX	1993 - Present

Credit Cards – department stores, banks, others

Name of Creditor	Address	Acct. Number	Monthly Payment	Estimated Balance Due
Yellow Rose Furniture Company	Houston, TX	94-675-0003	$50	$500
Excellent Credit Card Company	Hicksville, NJ	9876-98765-0064	$75	$150

Loan information – car, student, other

Name of Lender	Address	Acct. Number	Monthly Payments	Estimated Balance Due
King Imports	Houston, TX	01-S5634	$250	$3,000

Previous Credit Reference

Name of Lender	Address	Acct. Number	Type of Loan	Date Paid

Unit Three 49

The information under

- Bank Accounts will help learners answer question 1 on page 48; and
- Credit Cards and Loan Information will help with question 2.

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Grammar review

Using adverb clauses to show time relationships — time clauses with *before, after, as soon as, or since*

When the present tense is used in the adverb clause with *before*, *after*, or *as soon as*, the future tense is used in the main clause.

Examples: Mohammad will speak to the real estate agent **before** he sees the mortgage lender.

He will get a mortgage loan **after** he qualifies.

The present perfect tense is used in the main clause when *since* is used in the adverb clause.

Example: The Nguyens have made monthly payments **since** they bought their house.

Write sentences using *before, after, as soon as,* or *since* to describe shopping for and applying for a mortgage loan.

1.

2.

3.

4.

5.

Writing

Using the loan application worksheet on page 49 as a guide, fill out your own worksheet.

Grammar review

The Grammar review section is meant to be a review of material that has already been taught. First, point out the time words and the time clauses to the class. You can have the learners identify the subject and verb in each clause. Answer any questions about time clauses and mention that the present perfect is used with **since.** Next, have learners write sentences describing the steps in shopping for and applying for a mortgage loan.

Writing

Refer learners to the loan application worksheet and ask them to complete their own worksheets using Mohammad's as a guide. Be sure to remind them that this is personal information that they can use to apply for a loan. This is information that is not to be shared with classmates.

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Lesson 2

How to shop for a loan

Lesson 2

How to shop for a loan

If you have a job history, a credit report or a nontraditional credit history, and some savings, you can shop for a loan to help you buy your dream house. Many places in your community offer different types of mortgage loans. It is important to compare the different loans to find the one that is best for you.

When you begin to shop for a mortgage loan, you may want to talk to your own bank or credit union. Call them and ask them about home mortgages. Your real estate agent may help you find a loan too. Ask friends and co-workers where they got their mortgages. Also, look in the real estate section of your newspaper to learn about local lenders and their mortgage rates.

Find an example of each of these financial institutions in your area by looking in the real estate section of the newspaper. You can also look in the yellow pages of your telephone book under mortgages, banks, savings and loans, credit unions, and financing. Write the name and the telephone number of the institution in the spaces below.

	Name	Telephone
Savings and loan association		
Commercial bank		
Mortgage company		
Credit union		
Financial company		
Department of Housing and Community Development *(Look in the blue pages of your telephone book under the local government where you live.)*		

Unit Three 51

Vocabulary
financial institutions
government agency
nonprofit organization
qualify

Purpose
To know how to shop for a mortgage loan.

Pre-reading activity
Ask learners to name places that offer mortgage loans. List their suggestions on the board. Ask them if they can name some of the banks, credit unions, and mortgage companies in the community. Have learners fill in the names of these financial institutions on the lines provided on page 51. Later, individuals can find the telephone numbers in the local directory.

Requesting information about mortgage rates

Requesting information about mortgage rates

If you want to compare mortgage loans, you will have to ask the right questions. Be sure to ask about the interest rate and points on both fixed- and adjustable-rate mortgage loans.

Bob Williams is trying to compare the terms offered by different lenders so that he can find the mortgage loan that is right for him.

Ms. Lopez:	Hello, Heartland Bank Mortgage Department. May I help you?
Bob Williams:	Yes, I'd like some information on your mortgages. What are the rates on the 30-year fixed-rate mortgage?
Ms. Lopez:	That's 8 percent interest and 3½ points.
Bob Williams:	What are the rates on a 15-year fixed-rate mortgage?
Ms. Lopez:	That's 7¼ percent interest and 2¾ points.
Bob Williams:	What are the rates on a one-year adjustable?
Ms. Lopez:	That's 6½ percent and 1¼ points. Would you like to come in and fill out a loan application?
Bob Williams:	Not right now, but thank you. Goodbye.

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Explain some of the important features of this dialogue to the learners. Point out that Ms. Lopez is the loan officer. Discuss with the learners the type of questions Bob is asking. Ask learners about the illustration: Why does Bob have a pen and a pad of paper? Explain to learners the importance of calling all lenders on the same day, because interest rates may change daily from one lender to the next.

Comprehension check

Choose the best answer and circle the letter.

1. You can find information about local lenders and their rates in the
   - (a) real estate section of the newspaper.
   - b. yellow pages of the telephone book.
   - c. classified ads.
2. Commercial banks, credit unions, and mortgage companies
   - a. offer the same interest rates on mortgage loans.
   - b. will not ask for a credit history.
   - (c.) have various rates for different types of mortgage loans.
3. It is important to find a mortgage lender
   - a. that is in your community.
   - b. that speaks your language.
   - (c.) that offers the best loan for you.

Talk about it!

Discuss these questions with a small group of your classmates. Report your group's answers to the class.

1. What are the advantages and disadvantages of a fixed-rate mortgage loan?
2. What are the advantages and disadvantages of an adjustable-rate mortgage?

Comprehension check
Ask learners to choose the best answer and circle the letter. Discuss the responses with the whole class.

Talk about it!
Prompt a discussion of the differences between a fixed-rate and an adjustable-rate mortgage loan. Learners may want to refer to definitions on page 44. Assign learners to groups and have them list the advantages and disadvantages for both types of loans.

Vocabulary

Fill in the blank with the correct word.

financial institutions

nonprofit organization

government agency

qualify

1. An organization that helps the community but does not make money is called a **nonprofit organization**
2. The state department of housing and community development is a **government agency**
3. If you meet the lender's requirements, you may **qualify** for a loan.
4. Banks, mortgage companies, and credit unions are **financial institutions**

Vocabulary
Ask the class to read and practice the vocabulary words. Then ask them to fill in the blanks with the appropriate words. Make a class list, naming some different nonprofit organizations, financial institutions, and government agencies in your community. Point out that federal, state, and local government agencies are present.

54 How to Buy a Home in the United States

Grammar review

In a direct quotation (direct speech), we give the words of the speaker exactly as they are spoken. Quotation marks are necessary with direct speech.

With reported speech (indirect speech), we can report what someone says. In this case, quotation marks are not necessary. If the reporting word (*said*) is in the past, the verb from the actual speech will usually be in a past form.

Examples: The mortgage lender said, "The interest rate **will** stay the same."

The mortgage lender said that the interest rate **would** stay the same.

Note: The word *that* is optional after *said* in reported speech.

Change the statements below to reported speech.

1. The real estate agent said, "The mortgage department at Heartland Bank will help you."

   The real estate agent said that the mortgage department at Heartland Bank would help us out.

2. The house sellers said, "We can repair the roof on the house."

   The house sellers said that they could repair the roof on the house.

3. The house buyers said, "We will offer less than the asking price."

   The house buyers said that they would offer less than the asking price.

4. The home inspector said, "Everything looks good."

   The home inspector said that everything looked good.

5. The mortgage lender said, "You will have 30 years to repay the loan."

   The mortgage lender said that we would have 30 years to repay the loan.

Grammar review

Review the rules for changing statements into reported speech. Explain that with reported speech we can report what someone says without using quotation marks. Remind the class of the changes in verb tense. If the reporting word is in the past tense, then the verb from the actual speech will usually be in past form. Have learners change the five statements to reported speech.

For more practice, have learners look at the dialogue on page 52. Pair the learners and have them change the dialogue into reported speech.

1. The real estate agent said that the mortgage department at Heartland Bank would help us out.
2. The house sellers said that they could repair the roof on the house.
3. The house buyers said that they would offer less than the asking price.
4. The home inspector said that everything looked good.
5. The mortgage lender said that we would have 30 years to repay the loan.

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Writing

Closing day

Manuel and Rosa have bought their dream house. Write about how the Castillos found their house and bought it. Use your imagination and what you have learned about finding and buying a house. The following questions will help you. When you have finished writing, find a picture of your dream home from a magazine or real estate shoppers' guide.

- Why did the Castillos decide to look for a house?
- How did the Castillos find their house, and how much did it cost?
- How much was their down payment?
- How much did they borrow? Did they have a special mortgage program?
- What are their monthly mortgage payments?

Writing

Prompt a discussion of how the Castillos decided to buy their house, how they may have found their dream house, and how they were able to finance it. Ask learners to write about the Castillos' journey to homeownership by using the questions in the text to help them. To assist learners in completing this activity, suggest they refer to pages 2, 5, 43, and 51.

Oral practice — in pairs

Partner A: Look at **Mortgage Rate Chart A**. Your partner should be looking at Mortgage Rate Chart B on page 58. Ask your partner questions to fill in blanks on chart A. Your partner will have the information you need in his or her chart. Do not look at your partner's book.

Example: What are the rates on the 30-year fixed-rate mortgage at Hometown Bank?

Mortgage Rate Chart A

Lender	Terms	Interest Rate	Points
Hometown Bank	30-year fixed	**8%**	**3**
	15-year fixed	**7⅛%**	**2⅛**
	1-year adjustable	**6⅛%**	**2**
Pacific Mortgages	30-year fixed	8%	3
	15-year fixed	7¼%	2¾
	1-year adjustable	5¾%	3
R. Smith Mortgages	30-year fixed	**9%**	**0**
	15-year fixed	**8%**	**0**
	1-year adjustable	**6¾%**	**3**
Central First	30-year fixed	8%	2⅞
	15-year fixed	7½%	2⅝
	1-year adjustable	6¼%	3

Unit Three 57

Oral practice — in pairs

Divide the class into pairs for this information gap activity. Partner A should look at Mortgage Rate Chart A while Partner B looks at Mortgage Rate Chart B. They must ask each other questions to fill in the missing information on their charts. You may want to put a barrier between the two partners so that each cannot see the other's mortgage chart. Ask them to follow the example when asking their questions.

Note: Learners may have difficulty reading percentages written as fractions and decimals. Provide time for practice before assigning this activity.

Partner B: Look at **Mortgage Rate Chart B**. Your partner should be looking at Mortgage Rate Chart A. Ask your partner questions to fill in blanks on chart B. Then write the information in the chart. Do not look at your partner's book.

Example: What are the rates on the 30-year fixed-rate mortgage at Pacific Mortgages?

Mortgage Rate Chart B

Lender	Terms	Interest Rate	Points
Hometown Bank	30-year fixed	8%	3
	15-year fixed	7½%	2½
	1-year adjustable	6½%	2
Pacific Mortgages	30-year fixed	**8%**	**3**
	15-year fixed	**7¼%**	**2¾**
	1-year adjustable	**5¾%**	**3**
R. Smith Mortgages	30-year fixed	9%	0
	15-year fixed	8%	0
	1-year adjustable	6¾%	3
Central First	30-year fixed	**8%**	**2⅞**
	15-year fixed	**7½%**	**2¾**
	1-year adjustable	**6¾ %**	**3**

Working with numbers

Solve the problems below. Use the Monthly Payment chart to find the answers to Problems B and C. The monthly mortgage payment includes the interest plus the principal.

Problem A

Buonlap has a mortgage of $20,000. His mortgage contract says that he must pay for two points. What is the total amount he must pay for the points? **$400**

Problem B

Tran Nguyen bought a house for $40,000. His down payment was $5,000. He needed a $35,000 mortgage. His bank gave him a $35,000 mortgage loan payable over 30 years at 8 percent interest. How much are his monthly mortgage payments? **$245**

Problem C

Andre Moreau and his wife have found a house that costs $50,000. The Moreaus want to pay $10,000 as a down payment. How much money will they need to borrow? What will their monthly mortgage payments be if the interest rate is 9 percent on a 30-year loan? **$40,000, $322**

Use Problems A, B, and C as examples to make up a problem of your own about monthly mortgage payments or points. Ask a classmate to solve it.

Working with numbers

Have the class find the answers to Problems A, B, and C. Then, using those problems as examples, have learners make up their own problems about monthly mortgage payments.

Problems made up by the learners might be similar to Problems A, B, and C with different amounts, or learners may want to refer to the payment chart on page 59 to create new problems.

Some additional problems include: What is the difference in monthly payments on an 8-percent mortgage at $35,000 and an 8-percent mortgage at $40,000? Or given the monthly payment of $563, what is the mortgage rate and what is the size of the loan?

Monthly Payments on a 30-Year Fixed-Rate Mortgage

(Monthly payments shown include principal and interest only. Real estate taxes and homeowners insurance are not included.)

Loan Amount	Interest Rates							
	6.5%	7%	7.5%	8%	8.5%	9%	9.5%	10%
$25,000	158	166	175	183	192	201	210	219
$30,000	190	200	210	220	231	241	252	263
$35,000	221	233	245	257	269	282	294	307
$40,000	253	266	280	294	308	322	336	351
$45,000	284	299	315	330	346	362	378	395
$50,000	316	333	350	367	384	402	420	439
$55,000	348	366	385	404	423	443	462	483
$60,000	380	399	420	440	462	483	505	527
$65,000	411	432	454	477	500	523	547	570
$70,000	442	466	489	514	538	563	589	614
$75,000	474	499	524	550	577	603	631	658
$80,000	506	532	559	587	615	644	673	702

Some learners may need assistance in reading this chart. Point out that where the loan amount and interest rate intersect is the monthly payment. The monthly payment amount is for mortgage principal and interest only. Real estate taxes and homeowners insurance are not reflected in these monthly payments.

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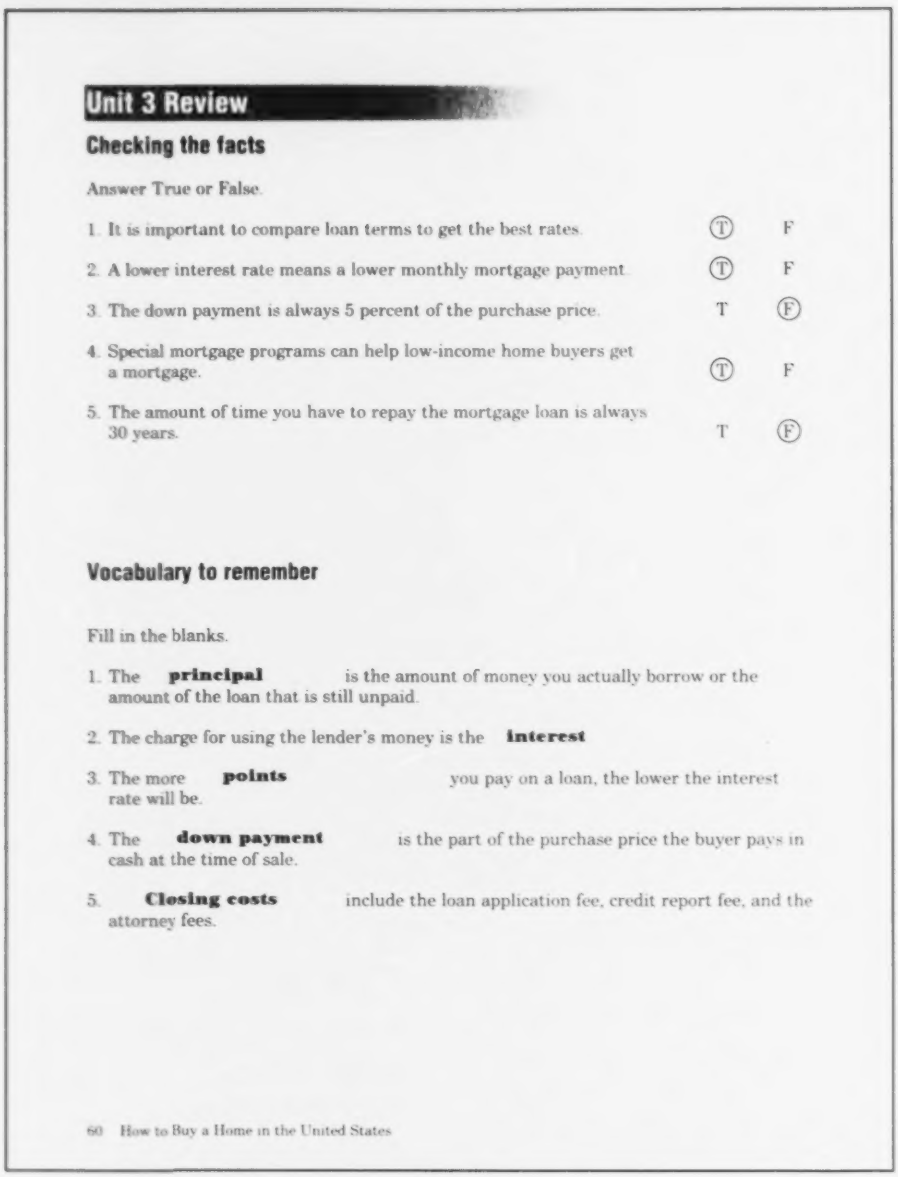
Unit 3 Review



Unit 3 Review

Checking the facts

Answer True or False.

1. It is important to compare loan terms to get the best rates. (T) F
2. A lower interest rate means a lower monthly mortgage payment. (T) F
3. The down payment is always 5 percent of the purchase price. T (F)
4. Special mortgage programs can help low-income home buyers get a mortgage. (T) F
5. The amount of time you have to repay the mortgage loan is always 30 years. T (F)

Vocabulary to remember

Fill in the blanks.

1. The **principal** is the amount of money you actually borrow or the amount of the loan that is still unpaid.
2. The charge for using the lender's money is the **interest**
3. The more **points** you pay on a loan, the lower the interest rate will be.
4. The **down payment** is the part of the purchase price the buyer pays in cash at the time of sale.
5. **Closing costs** include the loan application fee, credit report fee, and the attorney fees.

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Checking the facts

Answer True or False.

1. T
2. T
3. F
4. T
5. F

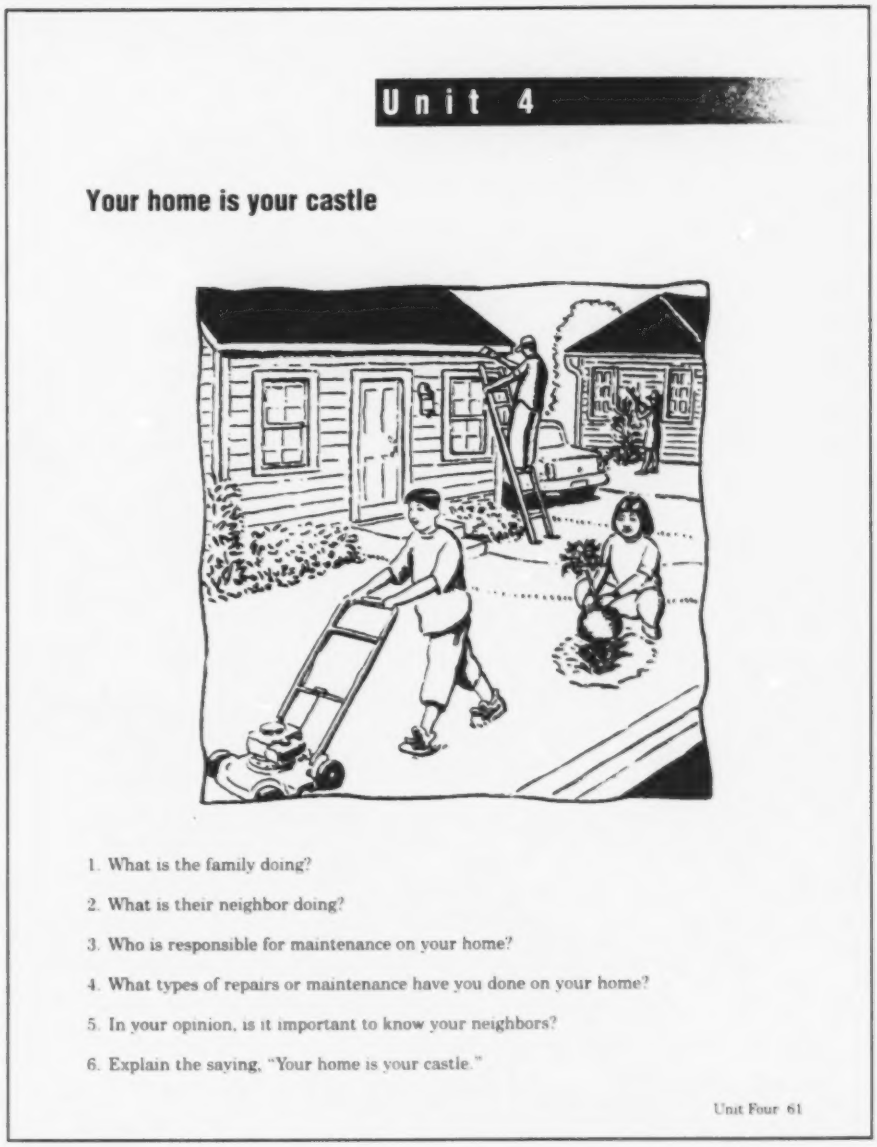
Vocabulary to remember

Fill in the blanks.

1. principal
2. interest
3. points
4. down payment
5. closing costs

Unit 4

Your home is your castle



Unit 4

Your home is your castle

1. What is the family doing?
2. What is their neighbor doing?
3. Who is responsible for maintenance on your home?
4. What types of repairs or maintenance have you done on your home?
5. In your opinion, is it important to know your neighbors?
6. Explain the saying, "Your home is your castle."

Unit Four 61

Purpose
To introduce the responsibilities of homeownership.

Warm-up
1. Ask learners to look at the picture on page 61.
2. Use the questions to prompt a discussion about the responsibilities of homeownership.
3. Have learners share their own experiences with maintenance and home repairs.
4. Ask learners if they know other sayings about a home, such as "Your home is your castle" or "Mi casa es su casa."

Lesson 1

Protecting and maintaining your home

Lesson 1

Protecting and maintaining your home

Protecting your property from fire and theft

After you have moved into your new home, it is important to protect your property. You can protect your home against fire and theft by following a few safety rules.

1. Keep a list of emergency phone numbers near your telephone. Be sure to include telephone numbers for the police, doctor, hospital, and fire station.
2. Put a smoke detector on the ceiling outside bedroom doors and near the living room. You will need at least one on each floor of your home. Check them often to make sure they work.
3. Keep a fire extinguisher in or near the kitchen. If you have a large house, place a fire extinguisher on each floor, in the garage, and in the basement.
4. Make sure that all doors and windows have locks. It's a good idea to change the locks as soon as you move into your new house.
5. Join the neighborhood watch program in your community. Neighbors try to prevent robberies by watching their streets and then warning each other (and sometimes the police) if they see strange or suspicious people or cars in the neighborhood.

Safety rules

Which safety rules are being followed in the pictures below? Why is it important to follow these rules? Try to add some safety rules to this list.

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Vocabulary

fuse box	replace	slack
hinges	responsible	structure
inward	reverse	swap
mechanical	routine	swollen
minor repairs	shave	

Purpose

To learn simple precautions for home safety.

To understand the importance of being able to do minor repairs.

Pre-reading activity

1. Ask learners to read the title on page 62. Brainstorm ideas for protecting property from fire

Maintaining your home

When you rent a home, your landlord is responsible for repairs. However, if you own a home, you are responsible for maintenance and repairs. Maintaining your home may take more time and be more expensive than you think. Your roof may start to leak, or you may need to replace a furnace. Even the cost of minor repairs can add up. Your household budget should include money for both routine maintenance and emergency repairs.

Whether you move into a new home or an older home, it is important to know how everything in your house works, including the electricity, plumbing, large appliances, and heating system. In case of an emergency, you should know how to cut off the water and gas supply. You should also know where the fuse box and main electrical switch are located and how they work.

You can usually get this information from a home inspector. Before you close on the purchase of your home, you can hire a home inspector to check the mechanical and structural condition of the home and give you a written report on it. It is a good idea to make a list of questions for the inspector and to write the answers in a notebook.

Do-it-yourself repairs

You can save money by doing minor repairs yourself. To learn how to make repairs, you can take a home repair course through your local adult education program. Another possibility is to go to the library and borrow some books on do-it-yourself home repairs.

and theft. Ask learners if they have ever had an experience with fire or theft. Ask them to describe their experiences. Ask learners if they have fire departments in their native countries.

2. Prompt a discussion on home repair. Bring a tool box and some tools into class and have learners tell you how they have used these tools. Talk about the benefits of being able to make your own repairs.

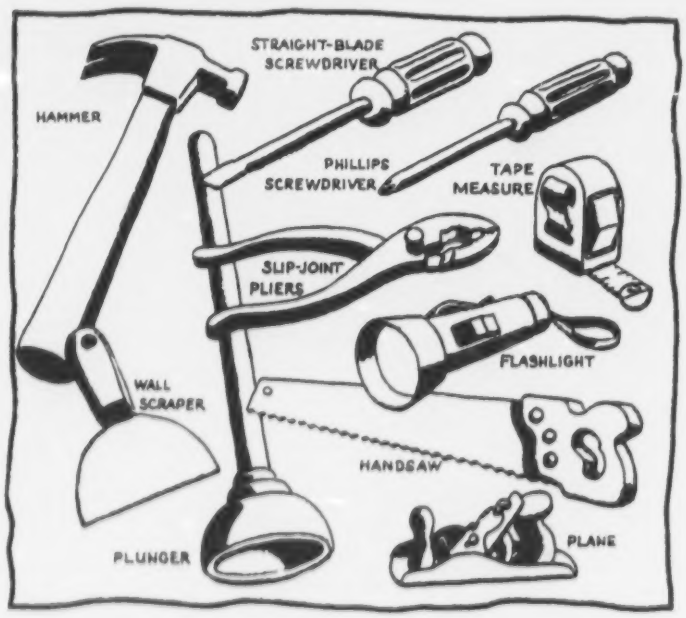
3. Have learners read the boldface headings on pages 62, 63, and 64. Ask the class to guess the information they will read.

4. Have learners read the paragraphs on protecting property and maintaining your home. Ask the class to circle any new vocabulary. Explain the difficult vocabulary before having learners do the comprehension exercise.

5. Ask the class if any of them have done minor repairs and to describe what was repaired and how.

Your toolbox

Below are pictures of a few basic tools that will be necessary for minor repairs. Explain how to use each of these tools for minor home repairs. Describe how a tool is used (without naming the tool) and have a partner guess which tool you have described.



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Your toolbox

Many learners in the class will be familiar with these tools. Help them learn the names in English and how to describe the function of each. Ask each learner to write a functional definition of one tool.

Pair learners or place in small groups. Have one partner or group member describe a tool, while the others guess which one it is. If desired, play a game of "twenty questions" with the tools.

Comprehension check

Choose the best answer and circle the letter.

1. It is important to check smoke detectors often because

   a. they fall apart.

   b. dust can clog them.

   (c) the batteries die.

2. It is a good idea to keep next to your telephone.

   a. a smoke detector

   (b) a list of emergency numbers

   c. a fire extinguisher

3. The home inspector can give you information about

   (a) how the electricity, plumbing, and heating systems work.

   b. the schools in your area.

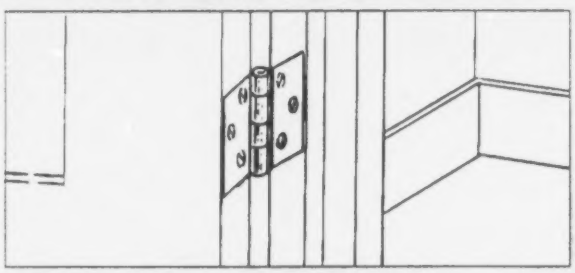
   c. special mortgage loans.

Comprehension check
Ask learners to do the exercise on page 65. Discuss the responses with the whole class.

Talk about it!

The Moreaus bought an older house. Unfortunately, many of the doors stick. Andre decided that he would try to fix the doors himself. He found the following directions in a do-it-yourself guide.

Easing a Sticking Door



If the bottom corner of a door is rubbing on the frame, it is probably swollen. Take the door off its hinges and shave the corner down with a plane. Replace the door. If the top corner is rubbing, check the hinges before doing any planing. After years of use, hinges become worn so that the pins are slack and the door drops. In this case, fit new hinges, or, as a cheaper alternative, swap old hinges, the top with the bottom, which will reverse the wear on the pins. Finally, replace the door and check to see that it no longer sticks.

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Talk about it!

Assign learners to groups and ask them to review the passage from the do-it-yourself guide on page 66. Have them find the meaning of the difficult words in the dictionary. (You may need to guide them through this step.) Next, give groups poster paper for their illustrated lessons on repairing a sticking door. Have each group present its lesson to the class. If it is necessary, you might ask one group to explain the procedure for repairing the top of a sticking door while another group describes how to repair the bottom of the door.

You might want to follow up on this activity by having learners make an illustrated home repair guide for the class.

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First, read the directions for repairing a sticking door on page 66. Work with your group to find the meaning of new words in a dictionary. Write the definition next to the word and/or draw a picture.

Frame **to put together the parts of; construct**

Swollen **blown up; increased in size**

Hinges **device on which a door swings**

Plane (planing) **tool for shaving a wood surface**

Pins **a peg used for holding things together**

Swap **exchange; trade**

Next, on a large piece of poster paper, illustrate the steps to repairing a sticking door. (Remember that there are two types of sticking doors.) When you have finished, use your diagram and illustrations to explain the procedure to the class.

Vocabulary

Fill in the blank with the correct word.

responsible repair routine mechanical structural

1. If the roof leaks, you will have to **repair** it.
2. The cracks in the basement walls were an example of **structural** problems.
3. The new owner is **responsible** for changing the locks on the house.
4. The broken heating system was only one of the **mechanical** problems in the home.
5. Cleaning the furnace every fall is **routine** maintenance.

Vocabulary

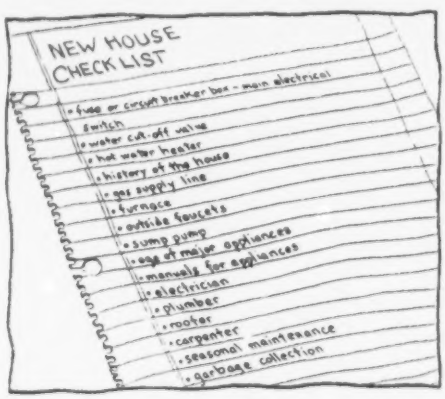
Ask the class to read and practice the vocabulary words. Then ask them to fill in the blanks with the appropriate words.

Have learners look back at their poster paper (or the guide made by the class). Which of the vocabulary words on this page did they use?

Grammar review — question formation

The Nguyens are going to close on their house tomorrow. Tran Nyugen and his wife, Thuy, are meeting the former owner and the real estate agent to walk through their new home. They have made a list of things that they want to know about their new home.

Look at the list below. These are the notes that Tran made. How would you ask the former owner for information? Use the items on the list to form questions. For example, "fuse or circuit breaker box" = "Do you have a fuse box or a circuit breaker box? Could you show me the circuit breaker box?" You may have several questions for each item.



Grammar review

The Grammar review section is meant to be a review of material that has already been taught. Review question formation with the class. Then have learners look at the list from Tran's notebook. Ask them to form questions to ask the former owner. Have them follow the examples given in their text.

Answers will vary, but some may begin with expressions such as:

- Does the house have _____?
- Could you show me _____?
- Where is _____?
- What does _____?
- How should I _____?
- How often does _____?

Writing

Seasonal home maintenance checklist

Routine maintenance can help you save money on expensive repairs. Discuss with your class the kinds of routine maintenance you might have to do in the fall and spring. Put together a maintenance checklist for fall and spring. Add at least three more items to each checklist. Explain your answers to the class.

Fall checklist

Outside

- ❒ Remove window air-conditioners, or put covers on them.
- ❒
- ❒
- ❒

Inside

- ❒ Check insulation wherever possible. Replace or add if necessary.
- ❒
- ❒
- ❒

Spring checklist

Outside

- ❒ Check all door and window screens; patch or replace as needed.
- ❒
- ❒
- ❒

Inside

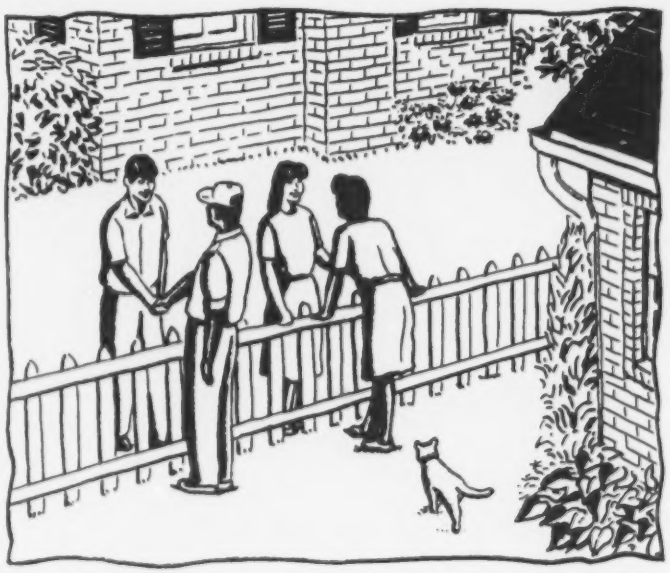
- ❒ Replace filters on air-conditioners.
- ❒
- ❒
- ❒

Writing

Have learners look at the seasonal home maintenance checklist on page 69. Ask small groups to suggest some additional tasks for spring and fall. List these on the board. Have learners add to the list in their books.

Some learners may already do some seasonal maintenance at their homes. Ask individuals to report on their seasonal home activities (e.g., remove window screens and replace with storm windows).

Oral practice — in pairs



It is important to meet your new neighbors as soon as possible. They can give you information about your neighborhood and your community.

Find a partner. Pretend that you have just moved into your partner's neighborhood. Ask for information about the topics on the following page. You can use expressions like, "Do you know where ___?" "Can you tell me about ___?" "Where do you ___?" "When does ___?" "Are there any ___?" Record the information. When you have finished, have your partner interview you about your neighborhood.

Oral practice — in pairs

Prompt a discussion about the importance of knowing your neighbors. Ask the class if they know their neighbors. Follow this discussion by pointing out that neighbors can give you important information about your community. Have learners interview each other about the location of services in the neighborhoods where they live. For ideas refer students to the list on page 71. Demonstrate question formation by having them read the sample expressions in the book on page 70.

Location of the nearest:

Supermarket

Video store

Recreation facility

Library

Hospital

Restaurants

Hardware store

Police station

Fire station

Park

Day and time for:

Trash collection

Leaf collection

Recycling

Babysitters for your children:

As learners interview one another, they should record the information they learn on this form. Locations and names of stores and facilities may be recorded. Have pairs ask about any additional information, such as possible parking regulations.

Lesson 2

Planning for monthly expenses in your new home

Lesson 2

Planning for monthly expenses in your new home

It is very important to plan for monthly expenses. If you do not make your mortgage payments each month, you might lose your home. If you forget to pay your utility bills, the utility company might cut off your water, electricity, or gas.

Your household budget

A budget is one way to be sure that you pay your bills on time. Here are some suggestions that will help you plan how and when to pay household expenses.

1. Know when your bills are due.
2. Know how you spend your money. Keep receipts. Write down everything you spend for a whole month.
3. Plan for large expenses, for example, homeowner's insurance or car insurance. Mark the date and amount due on a calendar.
4. Save money for home maintenance and emergency repairs.
5. Set aside money from your paycheck for savings. You never know when you might need a new hot water heater. If you have some savings, you will be ready for major emergencies.

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Vocabulary

cut off	income	tax advantage
deduct	itemize	tax records

Purpose

To recognize the importance of household budgeting.

Pre-reading activity

1. Ask learners to talk about how they plan for expenses. Do they keep a calendar similar to the one shown in the illustration on page 72? Prompt a discussion on the importance of planning for expenses. Talk about the types of financial emergencies that can occur and how one might prepare for them. Also, ask the class if they know about the tax advantages that are available for homeowners. If there are homeowners in your class, ask them to share their experiences. Remind learners that only homeowners who itemize can receive federal income tax deductions for mortgage interest payments and some other home-related expenses, such as real estate taxes.

Tax advantages

Tax advantages

If you have a mortgage loan, each year you can deduct the interest you pay on your loan from your federal income taxes if you itemize your deductions. If you paid points at closing, you may also deduct these from your federal income taxes. In addition, you may also deduct the amount you pay for local real estate taxes.

For example, if you are paying 10 percent interest on an $80,000 mortgage payable over 30 years, your total monthly payments of principal and interest for the year equal $8,424. In the first year of the loan, you will pay the lender $7,944 in interest and only $480 in principal. This means you may be able to subtract $7,944 from your income that year, if you itemize your deductions.

In addition, you pay homeowner's insurance and real estate taxes as part of your monthly mortgage payment. You can usually deduct your local real estate taxes from your federal income taxes. However, you cannot deduct your homeowner's insurance.

Be sure to keep records of any improvements you make on your home. For example, if you build an additional bathroom, keep all of the bills for the work. Although you cannot deduct these expenses from your taxes, the home improvements may lower the amount of taxes on your profit when you sell the house.

2. Have learners read the paragraphs under the pictures on pages 72 and 73 and circle any new vocabulary. Explain the difficult vocabulary before having learners do the comprehension exercise.

3. Some learners may be surprised that, in the first year of the loan in the example, only $480 is paid to the principal. Explain that the amount paid toward the principal increases each year while the amount of interest paid decreases.

4. Finally let the class know that the U.S. tax code can change. The information about deductions is current for 1996.

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Comprehension check

Choose the best answer and circle the letter.

1. You might lose your home if you don't pay
   a. the electric bills on time.
   (b) the mortgage on time.
   c. the telephone bills on time.

2. The federal government allows you to deduct _____ from your federal income taxes.
   a. homeowner's insurance
   b. the principal you pay on your mortgage loan
   (c) the interest you pay on your mortgage loan

3. You may be able to deduct the _____ from the profit you make when you sell your home.
   a. expense of heating your home
   (b) cost of home improvements
   c. monthly payments of principal and interest

Discuss these questions with your classmates. Report your answers to the class.

1. What is the purpose of federal income taxes?
2. Why does the federal government give tax advantages to homeowners?
3. Do homeowners have tax advantages in your native country?

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Comprehension check
Ask learners to do the exercise on page 74. Discuss the responses with the whole class.

Talk about it!
Assign learners to groups and ask them to discuss the questions. Have groups report their answers to the class.

Vocabulary

Fill in the blank with the correct word.

cut off deduct itemize records

1. They kept good **records** These helped them to prepare their income taxes.
2. The county **cut off** the Franklins' water because they refused to pay their bill.
3. They had to **itemize** all of their expenses in order to get the tax advantage.

Grammar review

Articles — *A, an,* and *the*

A and *an* are indefinite articles. They refer to objects that have not been specifically identified or previously mentioned.

Example: Mr. and Mrs. Martin bought a house last year.

***The* is a definite article. It refers to a particular object.**

Example: The house at 12 Elm Street sold for $84,000.

Use "a," "an," or "the" to write sentences about the tax advantages that homeowners get from the government.

1.
2.
3.
4.
5.

Unit Four 75

Vocabulary

Ask the class to read the vocabulary words. Then ask them to fill in the blanks with the appropriate words.

Grammar review

Review the use of definite and indefinite articles with the class. Ask them to fill in the blanks. Prompt a discussion about tax advantages for homeowners and then ask the class to write sentences listing the advantages. Refer learners to pages 3 and 73 for ideas. Remind learners to use **a, an,** and **the** in these sentences.

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Writing

If you want to buy a house in the future, start saving today. Make a budget.

1. List your monthly income.
2. List your monthly expenses.
3. Subtract your monthly expenses from your monthly income to see how much money remains.
4. Decide how much of that amount you can put into a savings account.

Since this is very personal information, you may want to plan your household budget at home.

A Household Budget

Monthly Expenses	Average Monthly Payment
Rent	$
Utilities	$
Food	$
Clothing	$
Telephone	$
Transportation	$
Entertainment	$
Other	$
	$
	$
	$
Total monthly expenses	$
Total monthly income – total monthly expenses =	$
Monthly savings	$

How much will you save in 1 year? In 5 years? In 10 years?
How much interest can you get on your savings?

Writing

Refer the class to the household budget form on page 76. You may want to review the expenses listed and talk in general about costs. Encourage learners to take the budget home and use it to plan their monthly expenses. To answer the last question, learners may want to call different savings institutions for current rates on saving accounts, money market accounts, and certificates of deposit.

Unit 4 Review

Unit 4 Review

Checking the facts

Answer True or False.

1. Routine maintenance can help you save money on expensive repairs. (T) F
2. Your home inspector can give you information on the mechanical and structural condition of your home. (T) F
3. You should have at least one smoke detector on each floor of your home. (T) F
4. You can deduct the principal and interest you have paid during the year from your income taxes. T (F)
5. The expense of home improvements may lower the amount of taxes on your profit when you sell your house. (T) F

Vocabulary to remember

Fill in the blanks.

1. In case of fire, it is important to have **a smoke detector** and **a fire extinguisher** in your home.
2. A neighborhood watch program looks for **suspicious** people or cars in the neighborhood in order to prevent crime.
3. **Hammer**, **screwdriver**, and **tape measure** are a few of the tools that you should have for minor repairs.
4. Three types of utilities are **gas**, **water**, and **electric**.
5. The federal government gives special deductions, or **advantages**, to homeowners in order to encourage people to buy homes.

Unit Four 77

Checking the facts

Answer True or False.

1. T
2. T
3. T
4. F
5. T

Vocabulary to remember

Fill in the blanks.

1. a smoke detector, a fire extinguisher
2. suspicious
3. hammer, screwdriver, tape measure (answers will vary)
4. gas, water, electric
5. advantages

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Glossary

Adjustable-Rate Mortgage (ARM). A mortgage that has an interest rate that can go up or down periodically, usually once or twice a year.

Annual Percentage Rate (APR). The total yearly cost of a mortgage stated as a percentage of the loan amount. This rate includes the interest rate plus points and mortgage insurance.

Asking Price. The advertised amount of money the seller wants for a home. Sometimes the seller will accept an offer that is less than the asking price.

Budget. A plan that lists all your monthly income and expenses.

Closing Costs. The expenses of transferring ownership of a property above and beyond the sales price. Closing costs can include the loan application fee, credit report fee, points, and attorney fees.

Commission. The percentage of the sales price that the real estate agent receives.

Common Areas. The areas in a condominium, cooperative, or planned unit development that buyers own together. These areas can include hallways, elevators, laundry room, swimming pool, and recreation rooms.

Condominium. A type of property ownership in which the buyers own their own homes, usually apartments. However, all the buyers share the ownership of the common areas and pay a monthly maintenance charge.

Contract. See Purchase and Sale Agreement.

Cooperative. A type of property ownership in which the buyers own a share of the corporation that owns the building, but do not own the apartments in which they live. The share is equal to the cost of a single apartment. The owner pays a monthly maintenance charge and a portion of the mortgage payment for the whole building.

Credit History. A list of your debts and regular monthly expenses, including how much you owe.

Credit Report. A report of your credit history. The mortgage lender gets this report from a credit reporting company when you apply for a loan.

Debts. The money you owe on long-term loans, for example, car loans, student loans, and mortgage loans. This may also include the payments you owe on credit cards.

Down Payment. The part of the purchase price of the house that the buyer pays in cash.

Down Payment Requirement. The minimum down payment allowed by the lender.

Fixed-Rate Mortgage. A mortgage in which the interest rate does not change during the entire term of the loan.

Floor Plan. The plan for a home showing the location and measurements of rooms, windows, doors, and major appliances.

Gross Monthly Income. Your total monthly income from all sources before taxes are taken out.

Home Shoppers' Guides. Small magazines that have pictures and descriptions of homes that are for sale. You can usually find these free magazines at the supermarket or newsstands.

Interest Rate. The charge for using the lender's money. It is a percentage of the loan amount.

Job History. A list of the places you have worked, your job title, the dates of employment, and your salary.

Loan. A method for borrowing money, often from a bank or credit bureau. Loans are usually repaid with interest.

Maintenance. The work you must do to keep your home in good condition.

Maintenance Costs. The expense of keeping your home in good condition.

Market Value. The expected value of the home for sale based on recent sale prices for similar homes that are nearby.

Monthly Mortgage Payment. A monthly payment that repays a part of the principal and the interest on a mortgage loan.

Mortgage Insurance. Insurance that protects lenders against loss if the borrower does not repay the loan.

Mortgage Lender. The financial institution that makes the mortgage loan. Financial institutions include mortgage companies, banks, credit unions, and savings and loans.

Mortgage Loan. The type of loan you get to buy a home. You must repay the loan with interest in a specific amount of time.

Net Monthly Income. Your total monthly income after taxes are taken out.

Nontraditional Credit History. A credit history you can prepare if you do not have credit cards or have never had a loan. It can include receipts and cancelled checks for your monthly payments for rent, utilities, and other bills.

Offer. The amount of money the buyer is willing to pay for a home. This may be lower or higher than the asking price.

Planned Unit Development. A type of property ownership in which homeowners own their own homes and usually the land upon which they are built, but pay a monthly charge for maintenance of the common areas.

Points. A type of fee that lenders may charge at closing. Each point equals 1 percent of the loan amount. The more points you pay, the lower your interest rate will be.

Principal. The amount of money that you actually borrow.

Purchase and Sale Agreement. A written contract that the buyer and seller sign. It includes all of the terms and conditions of the sale.

Real Estate Agent. A person who helps you find a home to buy. The real estate agent receives a commission from the sale of the home.

Term. The amount of time you have to repay the loan. The term for mortgage loans is often 15, 20, or 30 years.

Terms of a Mortgage Loan. The conditions of a loan, including the type of mortgage, the size of the down payment, the amount you can borrow, the interest rate, and the length of time you have to repay.

Utilities. Public services such as the supply of water, electricity, and gas. You usually pay for using utilities at your home on a monthly basis.

Free resources

If you want more information on finding a home or getting a mortgage, the following booklets are available at no cost from the Fannie Mae Foundation. They are available in different languages. Call the toll-free number to order a free copy in your language.

Opening the Door to a Home of Your Own. This easy-to-read guide explains the home-buying process, how to finance a home, and how the mortgage process works. To receive free copies of this guide in English, Chinese, Korean, Vietnamese, Haitian Creole, or Russian, call 1-800-688-HOME (4663). For a free copy of the guide in Spanish, call 1-800-782-2729.

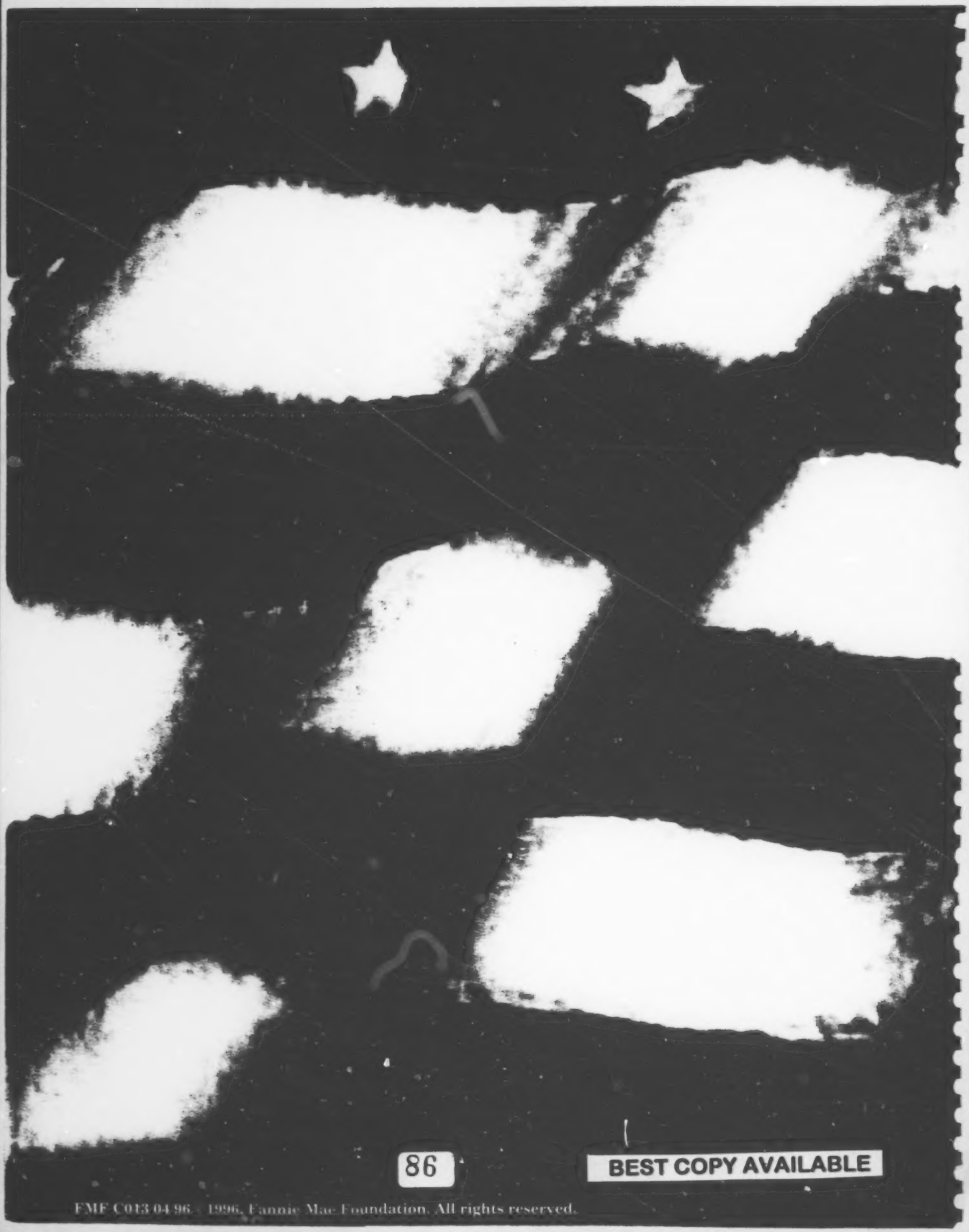
Choosing the Mortgage That's Right for You. This guide will help you learn more about shopping for the right mortgage. To receive a free copy of this booklet in English, call 1-800-688-HOME (4663). For a free copy of the booklet in Spanish, call 1-800-782-2729.

New Americans Guide: How to Become a Citizen, How to Become a Homeowner. This guide provides information on both citizenship and homeownership. To receive a copy of this booklet in English or in Spanish write to the Fannie Mae Foundation, New Americans Initiative, 4000 Wisconsin Avenue, NW, Washington, DC, 20016-2800.

For additional copies of *How to Buy A Home in the United States*, write to:

New Americans Initiative
Fannie Mae Foundation
4000 Wisconsin Avenue, NW
Washington, DC 20016-2800

Please specify the quantity of student or teacher's guides you would like to receive. Requests should be made on business letterhead when possible and specify the course being taught. Please allow up to three weeks for delivery.



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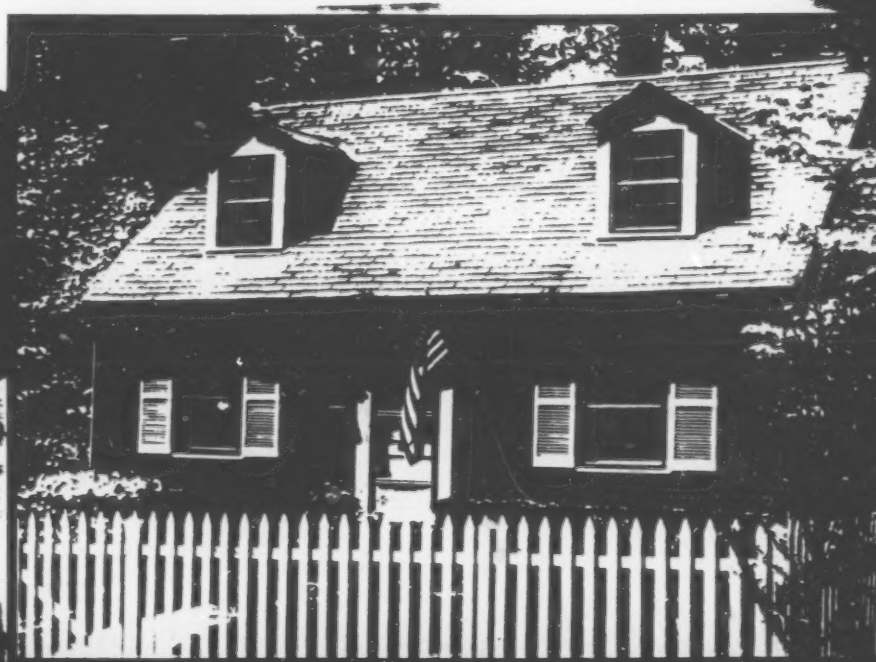
English as a Second Language for Adults

How to Buy a Home in the United States



Fannie Mae FOUNDATION

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This student book, *How to Buy a Home in the United States,* is one of the tools the Fannie Mae Foundation has published to help you get on the path to homeownership. The information in this book will help you understand the steps involved in selecting and buying a home, and the many responsibilities that come with homeownership. You can learn a great deal of vocabulary related to buying a home, as well as the way the American homeownership system works.

This student book was developed by the Fannie Mae Foundation in collaboration with the Center For Applied Linguistics, an educational institution in Washington, DC, with more than 35 years of experience preparing curricula and instructional materials for English as a second language learners.

You may not be familiar with the Fannie Mae Foundation. We were formed and funded by Fannie Mae, which is a private company chartered by Congress to provide funds to local lenders for home mortgages in communities all across America.

The Fannie Mae Foundation is a nonprofit organization. Among other activities, the Foundation provides information useful to those who want to buy a home in America. This guide is part of the Foundation's New Americans Initiative, which offers a number of home buyer publications helpful to new immigrants. We hope this objective information will help you get started on the path to homeownership.

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English as a Second Language for Adults

How to Buy a Home in the United States

STUDENT BOOK

FannieMae FOUNDATION

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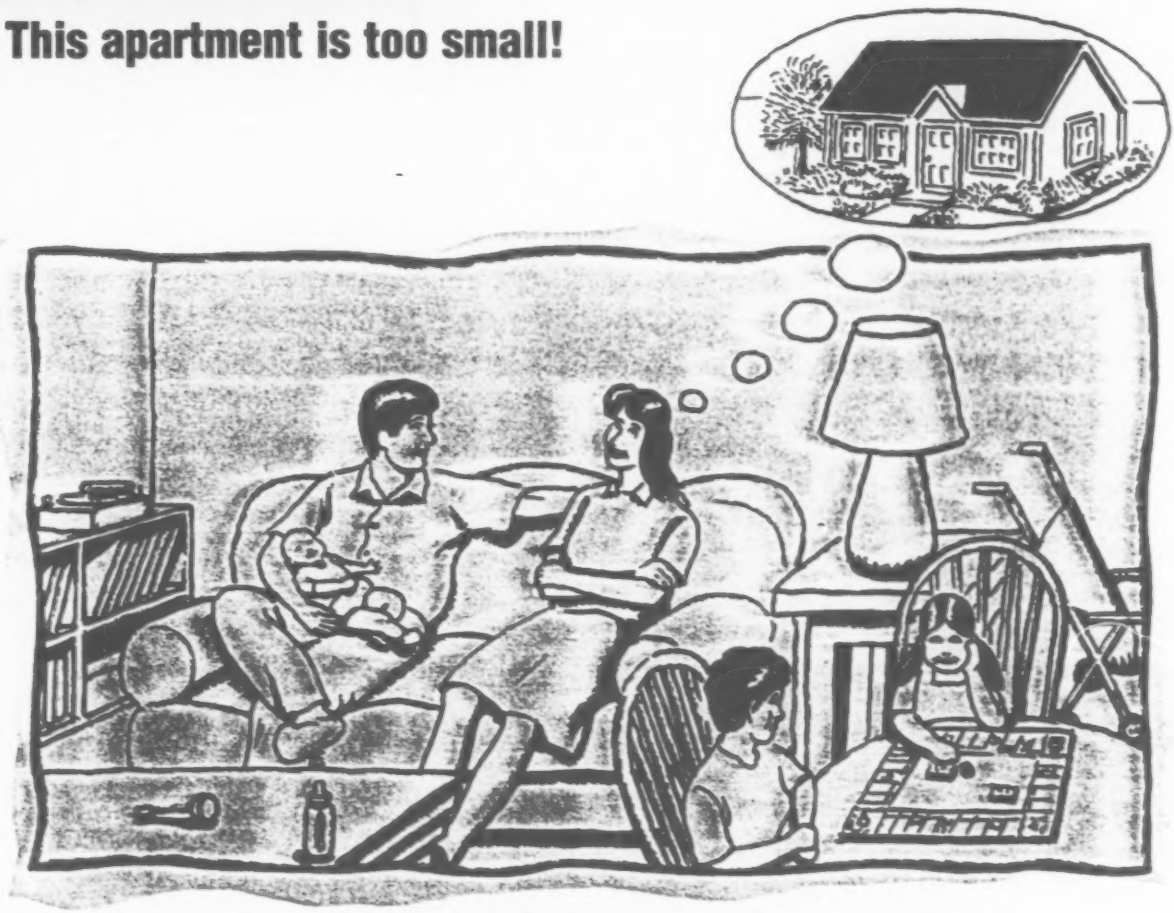
Unit 1

Do you want to buy a home?

1. What are the man and woman doing?
2. What are they talking about?
3. How do you think they feel?
4. Do you rent or own a home in the United States?
5. Is it difficult to find a home in your native country? What is available?
6. Do people in your native country rent or own their homes?
7. Do you think it is better to rent or own your home?

Lesson 1

This apartment is too small!



Rosa and Manuel Castillo came to the United States five years ago. They have three young children. Manuel's mother wants to live with them too. Their apartment is too small for six of them. Rosa wants to buy a home in a neighborhood close to their friends. Their friends bought a house two months ago. If they decide to buy a home, they will have to borrow money. Manuel is not sure that this is a good idea. He does not like to owe money to anyone. In addition, he is afraid that no one will lend him money. Can you help him decide?

Comprehension check

Choose the best answer and circle the letter.

1. Manuel and Rosa want to move because

   a. they want to live near public transportation.

   b. their apartment is too small for six people.

   c. Rosa doesn't want her mother-in-law to live with them.

2. Rosa wants to move to

   a. a neighborhood close to their friends.

   b. another city.

   c. a more expensive apartment.

3. Manuel is not sure that buying a home is a good idea because

   a. he likes his apartment.

   b. he doesn't want to move to another neighborhood.

   c. he doesn't want to borrow money.

Discuss these questions with your classmates. Report your group's answers to the class.

1. What should Rosa look for in a new neighborhood?
2. Manuel is not sure about buying a home. He doesn't want to borrow money. What advice can you give him?
3. What are the advantages and disadvantages of homeownership?

Advantages of homeownership

1. 4.
2. 5.
3. 6.

Disadvantages of homeownership

1. 4.
2. 5.
3. 6.

Vocabulary

Fill in the blank with the correct word.

borrow owe lend

1. Manuel paid all of his bills on time because he did not like to _____ money to anyone.
2. It is less expensive to _____ books from a library than to buy them from a bookstore.
3. A classmate will _____ you a pen if you forget yours.

Grammar review

The present perfect, when used with *for* and *since,* expresses an activity or situation that began in the past and continues to the present.

Example: They **have lived** in this neighborhood since July.

The simple past tense indicates that an activity or situation began and ended in the past or happened at a particular time in the past.

Example: The Castillos **arrived** in the United States on July 4, 1990.

Use the *present perfect* or the *past tense* of the verb in parentheses.

1. They (come) _____ to the United States three years ago.
2. The Castillos (rent) _____ their apartment since 1990.
3. The Castillos are not new neighbors. They (live) _____ in this same neighborhood for five years.
4. Their friends (buy) _____ a new house two months ago.
5. There (be) _____ more new houses built in the neighborhood since last year.

Writing

Write a letter to Rosa and Manuel Castillo. First, tell them about the advantages and disadvantages of homeownership. Next, give them your advice on buying a home.

Lesson 2

Getting money to buy a home

Usually, if you want to buy a home, you must borrow money. This type of loan is called a ***mortgage loan***. The mortgage loan means you are responsible for paying the lender back for the money you borrowed. If you fail to repay the lender, the lender could take possession of your house and sell it. The company or bank that makes the loan is called the ***mortgage lender***. The mortgage lender must decide if you will be able to repay your loan. The mortgage lender must have information about you to decide if you will be able to repay the loan.

The mortgage lender will ask

1. **Have you been working for two years or more?**
2. **Do you pay your bills on time each month?**
3. **Have you saved money for a down payment?**

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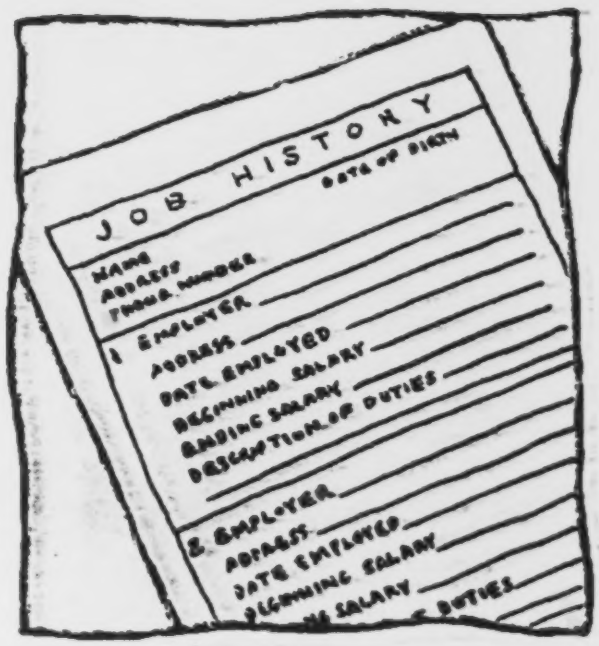
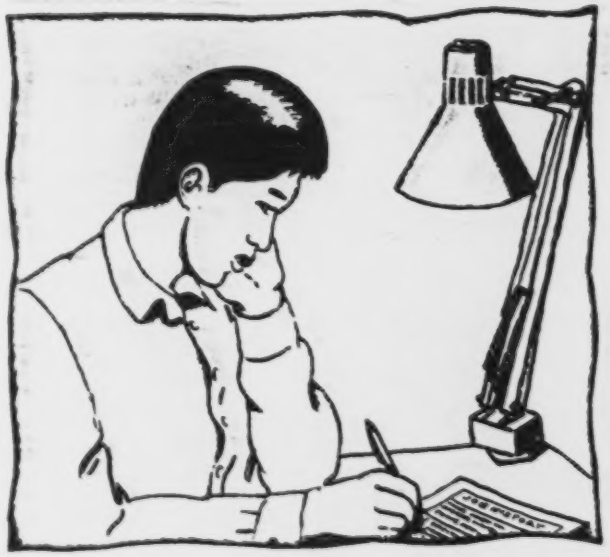
Your job history

The lender must know your **job history**. A job history tells where you have worked and how long you have worked at each job. It will also show how much money you made at each job. The lender likes to see that you have been working for two or more years. It does not matter whether you had one job or a couple of different jobs during the two years, so long as your job history is in the same field and shows the lender that you have enough income to repay your mortgage loan.



Buonlap's job history

Buonlap has lived in the United States since 1991. His first job was at C & D Components as an electronic assembler. He worked there for 30 hours a week for two months from September to November. The pay was only $12,000 a year, and he needed more money. He got a job for more pay at Pacific Components. Buonlap was an electronic's assembler at this company from November 1991 until December 1994. He was earning $20,000 a year when he left to become a supervisor at Electro Tech. He has been working there since January 1995. His salary is now $29,000 a year.



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Comprehension check

Choose the best answer and circle the letter.

1. The mortgage lender must have information about you to decide if you will
   a. be a good homeowner.
   b. repay your mortgage loan.
   c. open a savings account.
2. A job history does not show
   a. where you have worked.
   b. how much money you made.
   c. how much money you owe.
3. Buonlap has worked
   a. for two years.
   b. more than four years.
   c. about three years.
4. Buonlap's annual salary at Pacific Components was
   a. $18,000.
   b. $20,000.
   c. $29,000.

5. Fill in the rest of Buonlap's job history. List his most recent employment first.

Position	Company	Dates	Salary
Supervisor	Electro Tech	1/95 - Present	$29,000

98

Talk about it!

Discuss these questions with your classmates. Report your group's answers to the class.

1. Why is a job history important to a lender?
2. Lenders ask questions about the reasons people leave their jobs. Why did Buonlap leave his first two jobs? Were these good reasons?

Vocabulary

Read and pronounce the new words. Fill in the blank with the answer.

mortgage lender	job history
repay	salary

A (1) is important to the (2) because it shows that you have worked for two or more years. The mortgage lender also wants to know your (3). Your income will show if you are able to (4) the loan.

Grammar review

The present perfect with *for* and *since*

***For* shows the length of time of the action.**
Example:
They have worked at Electro Tech **for three months.**

***Since* shows the time that the action began.**
Example:
They have worked at Electro Tech **since January.**

Answer the following questions using the *present perfect* with *for* or *since*.

1. How long has Buonlap lived in the United States? (five years)
2. How long has Buonlap worked at Electro Tech? (more than a year)
3. How long has Buonlap worked in the electronics assembly business? (September 1991)
4. How long have you lived in the United States? (for...)
5. How long have you worked at your present job? (since...)

Writing

Think about your own job history. Try to remember what position or job title you had, where you worked, the dates of your employment, and your salary. Then fill in the form below. Remember to begin with the job you have now. It is important to give correct information. Lenders will call the employers to check your work history.

Position	Company	Dates of Employment	Salary

Oral practice — in pairs

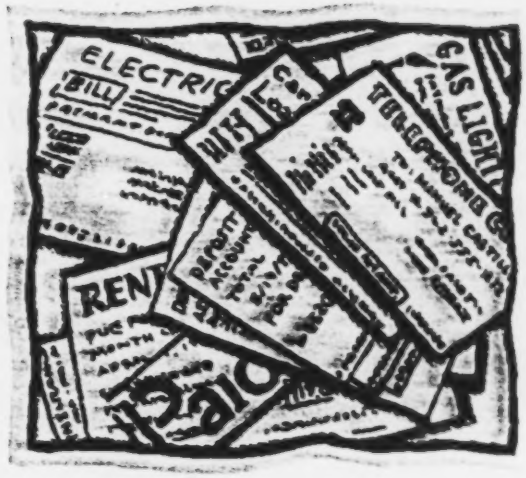
Interview a classmate and complete the job history form. The questions below should help you. Do not ask your classmate about salary. In the United States it is not polite to casually ask others how much money they make. Banks, businesses, and employers may ask about your salary for business reasons.

1. What is your job title?
2. Where do you work?
3. When did you begin work at this job?
4. What work did you do before?
5. Where did you work before?
6. How long did you work at that position?

Name _____

Position	Company	Dates of Employment	Salary
			XXXXXX
			XXXXXX
			XXXXXX
			XXXXXX
			XXXXXX
			XXXXXX
			XXXXXX

Your credit report



When you ask for a mortgage loan, you must list all your **debts** and the monthly payments you owe. For example, you may owe money on a car loan. Perhaps you owe money to credit card companies. The mortgage lender will get a **credit report** from a credit reporting agency to check the information you have given it.

A credit report lists all your credit cards and loans. It shows how much money you owe and how long you have owed this amount. It also shows the type of loan and your payment plan. All this information will help the mortgage lender decide if you will be able to repay a mortgage loan.

Nontraditional Credit History—If you do not have credit cards or have never taken a loan from a bank or business, you can still put together a credit history. You can show that you pay your rent, telephone, car insurance, and utility bills on time each month. For example, you can collect records of cancelled checks or make copies of monthly bills that do not have late charges. This is called a nontraditional credit history.

Tran's credit report

Business	Date Reported	Date Opened	Date of Last Payment	Highest Credit	Balance Owing	Amount Past Due	No. Payments Past Due	Length of Time Past Due	Type of Payment	Remarks
First National Bank	2/6/95		1/95		$800	$0	0	0	Install-ment	$100/MO
Wilson Dept. Store	2/10/95		1/95		$400	$0	0	0	Revolv-ing	$25/MO
Excellent Credit Card	2/8/95		10/94		$1,000	$600	3	90 days and over	Open 30 days	

Comprehension check

Choose the best answer and circle the letter.

1. A mortgage lender wants to see a credit report

   a. to find out where you shop.

   b. to decide if you will be able to repay a mortgage loan.

   c. to see how much money you have in the bank.

2. You can get a copy of your credit report from

   a. your bank.

   b. the library.

   c. a credit reporting agency.

3. If you do not have credit cards or have never had a loan, you can

   a. put together your own nontraditional credit history.

   b. get a letter from a bank.

   c. get a letter from a credit reporting agency.

4. Tran owes money to

   a. First National Bank and Wilson Department Store.

   b. Wilson Department Store and Excellent Credit Card.

   c. First National Bank, Wilson Department Store, and Excellent Credit Card.

5. Tran has not made a payment to Excellent Credit Card

   a. since October.

   b. for at least 90 days.

   c. both a and b.

Talk about it!

Discuss these questions with your classmates. Report your group's answers to the class.

1. Does Tran pay his bills on time?

2. Which debt has not been paid?

3. How can Tran improve his credit rating?

4. What would a lender say about Tran's credit report?

Vocabulary

Fill in the blank with the correct answer.

debt check utilities cancelled checks late charges agency

1. If you don't pay your credit card bill on time, you have to pay _____.
2. You can make copies of your _____ for a nontraditional credit history.
3. _____ is the money you owe for credit cards, car loans, school loans, and any other loans.
4. Electricity, gas, and water are _____.
5. A mortgage lender will _____ your credit history.
6. You can get a copy of your credit report from a credit reporting _____.

Grammar review

A conditional sentence has two clauses, a dependent clause beginning with *if* and a main clause.

Real conditional — the situation is true in the present and will possibly happen in the future. Use the simple present tense in the "if clause" and the simple future tense in the main clause.

Example: If you **apply** for a mortgage loan, the mortgage lender **will send** for your credit report.

Combine the sentences using the real conditional.

Example: Mr. Nguyen wants to have a good credit rating. Then he should pay his bills on time.

If Mr. Nguyen pays his bills on time, he will have a good credit rating.

1. Manuel wants to show that he pays his bills on time. Then he should collect records of cancelled checks or make copies of monthly bills.

2. The Moreaus want to be able to buy a house someday. Then they should start saving money in a savings account.

3. Fred wants to get a loan to buy a car. Then he should have a good credit report.

4. Tran wants to improve his credit rating. Then he should pay his Excellent Credit Card bill.

Writing

Some credit reporting agencies will not charge you for a credit report. Find one in the yellow pages of your phone book under "Credit Reporting Agencies." Then, write a short letter to the agency to request your credit report.

Savings accounts

Usually when you buy a home, you must pay at least 5 percent of the price immediately. This is called the **down payment**. (However, you may be able to get a mortgage loan with only a 3 percent down payment.) You will need some extra money too for **closing costs**. Closing costs will include payments for taxes, insurance, the attorney fees, and other expenses. You pay the closing costs only once, when you sign all of the papers for your new home. You must show that you have enough money in a bank account for the down payment and closing costs. The lender likes to see that you have been saving money.

Example: $40,000 (house price) x .05 = $2,000 (down payment)

House Price	5% Down Payment
$100,000	$5,000
$80,000	$4,000
$50,000	$2,500
$40,000	$2,000

Andre's savings account

Andre Moreau does not like banks and does not have a checking account or a savings account. He always cashes his paycheck and keeps the money under his bed. Andre's wife says that it is better to put the money into a bank. She says that they need to save to buy a house someday.

Comprehension check

Choose the best answer and circle the letter.

1. The down payment is usually
   a. 5 percent of the mortgage loan.
   b. 5 percent of the sales price of the home.
   c. 3 percent of the sales price of the home.

2. You must pay closing costs
   a. every month.
   b. only if you have extra money.
   c. at the same time as your down payment.

3. The lender wants to see that you have enough money in your savings account
   a. for the down payment and closing costs.
   b. for home improvements.
   c. to pay the attorneys.

4. Andre Moreau keeps his money
   a. in a checking account.
   b. in a savings account.
   c. under the bed.

Talk about it!

Discuss these questions with your classmates. Report your group's answers to the class. Be sure to explain your answers.

1. Is it safe to save money in your house?
2. What are the advantages of saving money in the bank?
3. How do people in your native country save money?
4. Are banks in your native country safe?
5. Do you think the banks in the United States are safe?

Vocabulary

Match the word with the definition by drawing a line between them.

1. down payment	A. lawyer
2. closing costs	B. charges
3. attorney	C. usually 5 percent of the sales price
4. fees	D. includes money for taxes, insurance, and attorney fees
5. sales price	E. the amount the seller gets for the home

Grammar review

Unreal conditional — the situation is contrary to fact (not true) in the past and in the future. Use the simple past tense in the "if clause" and *would* or *could* in the main clause.

Examples: If you **wanted** to save money, you **could** open a savings account. If you **had** to open a savings account, your local bank representative **would** help you.

Note: I *was* and he, she, and it *was* become I *were* and he, she, and it *were* when used in the "if clause."

Complete the sentences using *would* or *could*.

1. If you wanted to buy a house,
2. If you wanted to get a mortgage,
3. If you paid your bills on time,
4. If you showed a mortgage lender that you have enough money for closing costs and a down payment,

Writing

My long-term financial goals

If you have long-term financial goals, for example, buying a house, you can begin to save for those goals now. List a few of your long-term goals on the lines below.

1.

2.

3.

Saving money for your financial goals

Write about your plans or ideas to save money. Explain why you are saving money and what you expect to happen if you follow those plans.

Unit 1 Review

Checking the facts

Answer True or False.

1. You must have worked at the same job for two years. T F
2. The mortgage lender will not check your job history or your credit report. T F
3. The down payment is a percentage of the house price. T F
4. The closing costs include the attorney fees. T F

Vocabulary to remember

Fill in the blanks.

1. The type of loan you get to buy a home is a _____.
2. The mortgage _____ must decide if you can repay a loan.
3. A list of the places you have worked and the dates of your employment is a _____.
4. A _____ will show if you have paid your bills on time.
5. If you do not have credit cards and have never taken a loan, you can collect records to make your own _____.
6. The lender will check to see that you have the _____ and the _____ in a bank account.

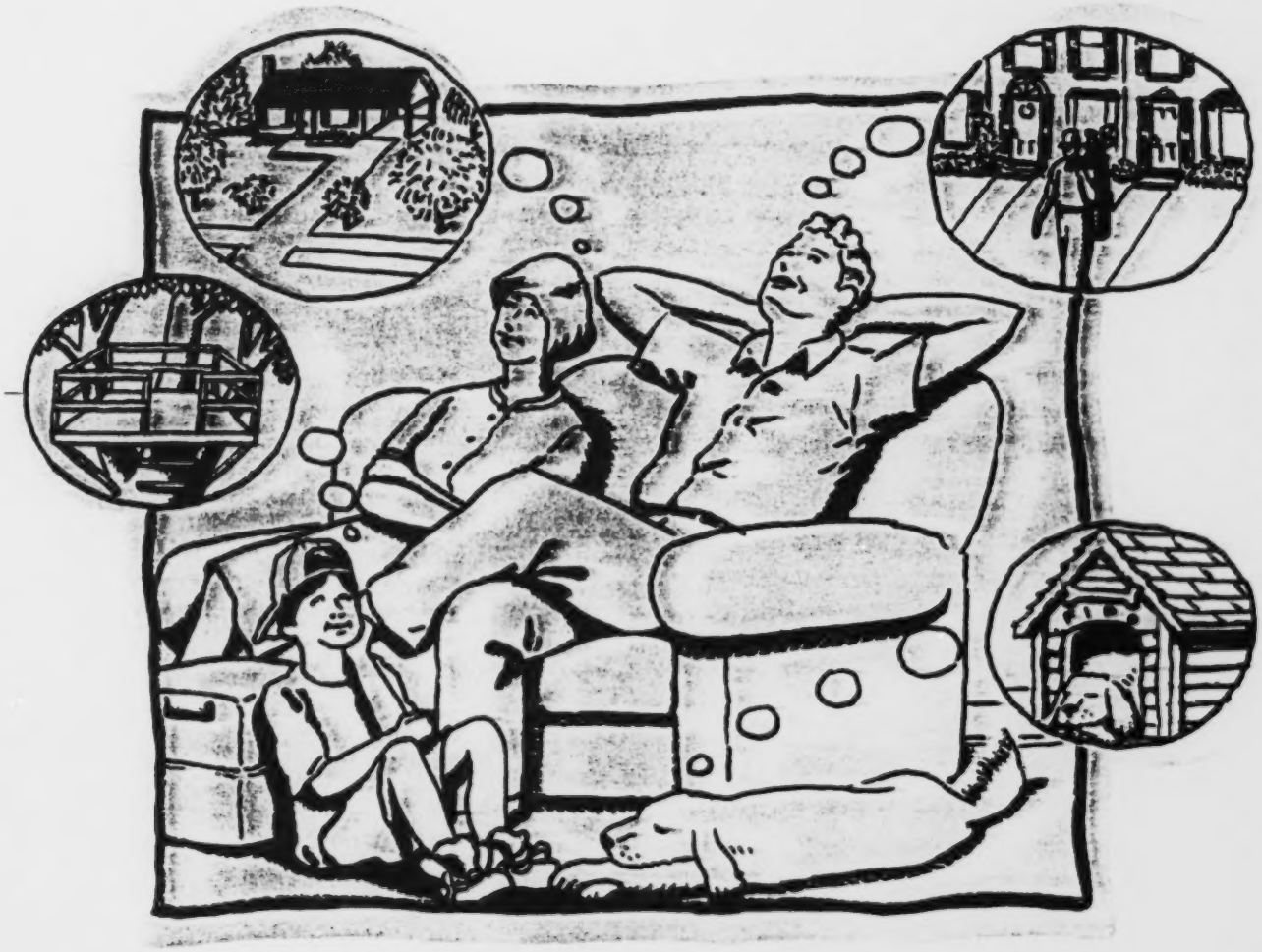
Working with numbers

Find 5 percent of the house price to calculate the down payment.

House Price	Down Payment
$90,000	
$75,000	
$50,000	

Unit 2

Finding your dream home



1. What is this family doing?

2. Do they all like the same type of house?
   Explain your answer.

3. What type of house should they buy?

4. Describe your dream home.

Lesson 1

Deciding what you want

Think about the kind of house you want and where you would like to live. If you know what you want, it will be easier to find a house that is right for you. The following questions should help you.

Do you want a new home or an older home?

New houses can be more expensive than old houses, but they are usually better insulated and have better heating systems. Maintenance costs are often lower for a new home. However, older homes may be larger and offer more special features for less money.

Where do you want to live?

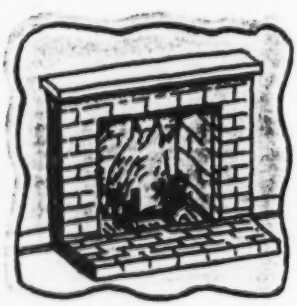
Location is important. Many people need to live near their workplace or near public transportation. For families with children it is important to live in an area that has good schools. Others may want to be close to stores.

What size house do you need?

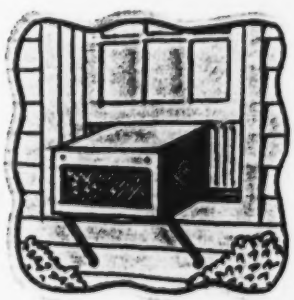
Consider how many rooms your family will need. You may want a house that has only one floor or level. Will you need to have a basement or an attic? In addition, the home should be large enough for your family in five years. If you want a large yard, remember that more land will increase the price of your house.

What special features are important to you?

Deck

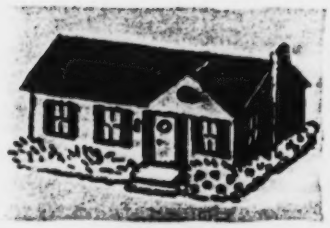


Fireplace

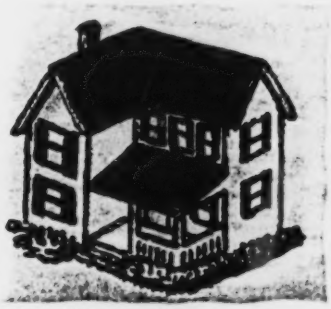


Air-conditioning

Which style of house do you like?



Ranch

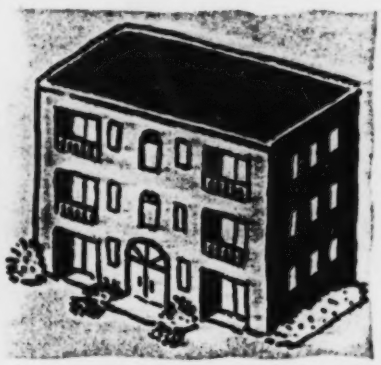


Victorian

Colonial

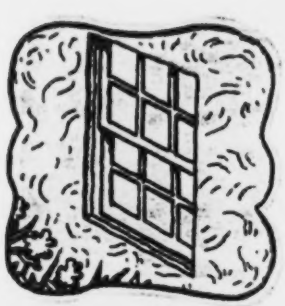
Duplex

Townhouse



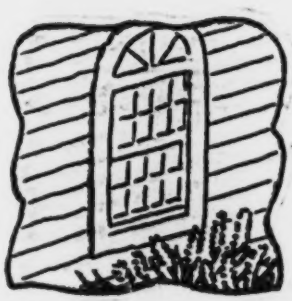
Apartment

Which type of exterior do you prefer?



Stucco

Brick



Siding

Types of ownership

Most people buy a single-family home with land. However, there are other types of ownership, including the following:

Condominium (condo) — The buyer owns a home, usually a single unit in a multiunit building. However, all the buyers share the ownership of the hallways, elevators, laundry, recreation rooms, and other common areas. In addition, they pay a monthly charge for maintenance and operations.

Cooperative (co-op) — The buyer owns a share of the building corporation but does not own the apartment. The share is equal to the value of a single apartment. The owner can stay in the apartment because of a lease or other occupant agreement. The cooperative owner must pay a monthly maintenance charge and a part of the mortgage payment for the whole building. The cooperative board or committee must give permission before new people can buy a share and move into the building.

Comprehension check

Choose the best answer and circle the letter.

1. New homes are

   a. usually more expensive than older homes.

   b. usually better insulated and have better heating systems.

   c. both a and b.

2. Examples of special features are

   a. windows, doors, and sinks.

   b. a deck, a fireplace, and air-conditioning.

   c. bathtub, stove, and refrigerator.

3. Ranch, Victorian, and Colonial are

   a. different types of exteriors.

   b. different types of interiors.

   c. different styles of houses.

4. Check (✔) if the words describe a condominium owner, a cooperative owner, or both.

	Condominium Owner	Cooperative Owner
Pays a monthly maintenance charge		
Pays part of the building's mortgage		
Owns home		
Owns share of building corporation		

Talk about it!

In a group, discuss the important things you will look for in a house. You can add to the list below. Rank which five things are the most important. Compare your list with other groups and discuss your choices.

___ Size and number of rooms

___ Location (for example, city, suburbs, near stores or schools)

___ Transportation (for example, buses or trains nearby)

___ Price

___ Yard

___

___

___

Vocabulary

Which words have the same or similar meaning as the words in italics? Circle the letter of the correct answer.

1. Condominium and cooperative owners pay a monthly charge for *maintenance.*

   a. repairs b. the laundry room

2. If your home is not *insulated*, you will have to pay more for heating or air-conditioning.

   a. made with bricks b. protected against hot or cold temperatures

3. Luxury features, such as a swimming pool, will *increase* the cost of a house.

   a. raise b. lower

4. Stucco and siding are two types of *exterior.*

   a. the outside covering b. the inside covering

5. A ranch house has only one *level.*

   a. garage b. floor

Grammar review

Comparing two things or two groups of things

The comparative degree of one-syllable adjectives is formed by adding *er*.

One-syllable comparative = adjective + er
Example: (small–smaller)
Town houses are **smaller** than Victorian houses.

The comparative degree of adjectives with more than two syllables is formed by using *more*.

More than two syllables = more + adjective
Example: (expensive–more expensive)
Large houses are **more expensive** than small houses.

The comparative form of all adjectives is followed by *than* plus the second item being compared.

Use the comparative degree of adjectives to write sentences about the differences between old homes and new homes.

1.

2.

3.

4.

5.

Writing

First, think about your home here and in your native country. Make a list of how these homes are different and how they are the same. Use the following questions to help you compare the two. Then, write a paragraph comparing your home here with the one in your native country.

- Where did you live? Where do you live now?
- What was your home like in your native country? What is your home like now?
- What did you like more or less about your home in your native country? What do you like better or less about your home here?

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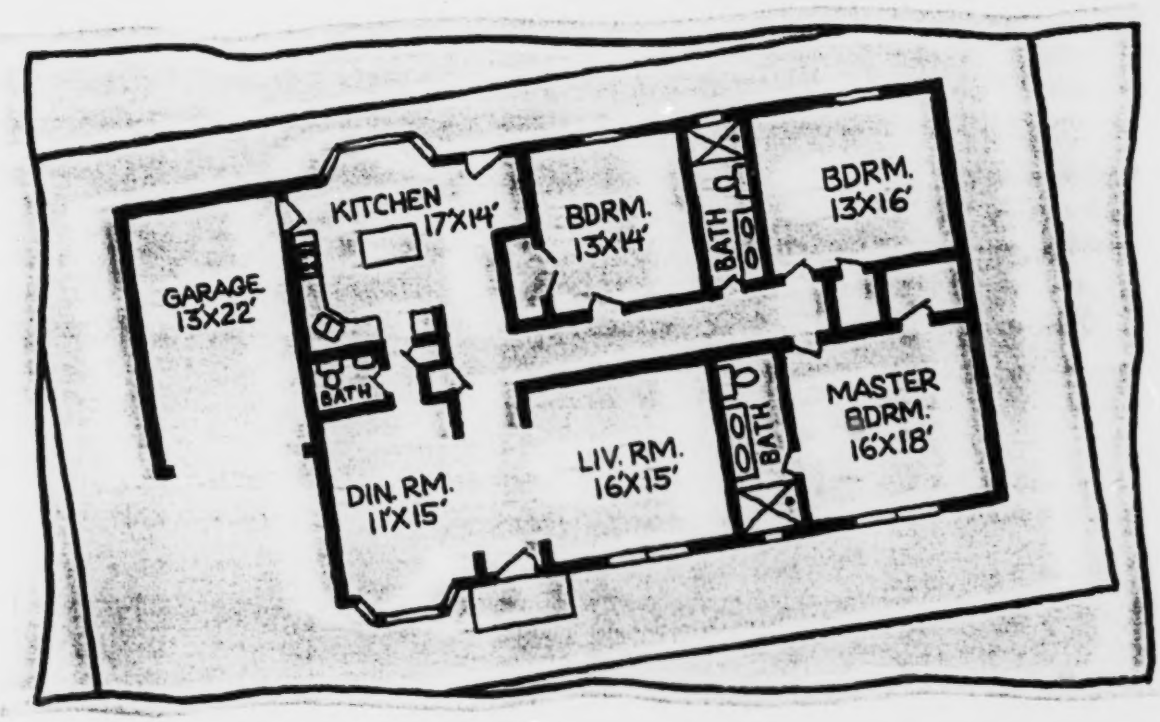
Oral practice — in pairs

Floor plan



In your opinion, are the rooms in this house large or small? Use a tape measure to find out the size of your classroom. Draw a floor plan of your classroom or school building.

Find a partner...

Draw a floor plan of your dream house. Be sure to include doors, windows, and major appliances. Next, work with a partner for the following activity.

Partner A: Do not show your floor plan to Partner B. Describe what you have drawn.

Partner B: Draw the floor plan that Partner A describes. When you are finished, compare your floor plan with the dream house that Partner A drew.

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How to find the right home

Word of mouth

Tell all your friends that you are interested in buying a home. Someone may know of a house that has not been listed yet. They may know a house that is just right for you.

"For sale" signs

Go to a neighborhood you like. Look for "for sale" signs. If you find a house you like, call the telephone number on the sign. The telephone number will be for a real estate agency or the owner.

Newspaper ads

Read the classified ads in your newspaper. The ads will describe the house and may give an asking price. Sometimes the ads will list an open house. This means that you can go into the house and look around on a specified day and time.

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Shoppers' guides

Shoppers' guides have pictures and descriptions of houses that are for sale. You can find these small magazines in supermarkets and at newsstands. They are usually free.

Real estate agent

A real estate agent can help you find a house. One way to find a real estate agent is by word of mouth. Ask friends if they can give you the name of someone they like and trust. Do not choose someone just because he or she speaks your native language. And remember, never sign anything you do not understand.

The agent makes a commission or a percentage of the sales price of the house. The house sellers usually pay the agent after they sell the house. Sometimes it is possible to find an agent who works for the buyer. That means the buyer will pay the agent a commission or the buyer's agent will split the commission with the seller's agent.

A real estate agent can

1. Help you decide how much money to offer for a home.
2. Use your list of house requirements to get a computerized list of houses that are right for you.
3. Show you houses that meet your requirements.
4. Give you information about house prices and property taxes in a neighborhood. The agent can also tell you about the schools and other community services (for example, garbage collection).
5. Give the offer you make to the seller.
6. Give you information about mortgage lenders, professional home inspectors, and other professional services that you will need.

Comprehension check

Choose the best answer and circle the letter.

1. Newspaper ads will probably give a short description of the home for sale,

   a. the name of the owner, and the address.

   b. the telephone number, and the name of the owner.

   c. the asking price, and the day and time of an open house.

2. You can find shoppers' guides in

   a. the library.

   b. supermarkets and at newsstands.

   c. department stores.

3. usually pays the real estate agent.

   a. The house seller

   b. The house buyer

   c. The mortgage lender

Talk about it!

Discuss these questions with your classmates. Report your group's answers to the class.

In your opinion...

1. Why is the house in Avon the least expensive?
2. Why is the house in Springfield the most expensive?
3. Which house might you buy? Explain your answer.

Newspaper ads

Houses for Sale

Pinehill **$90,500**

3 BR, 2 1/2 BA duplex, overlooks park, 1-car gar. For sale by owner 999-555-3490

Avon **$50,000**

2 BR, red brick col., needs work. Open Sat 9 - 12. Granger Realty 999-555-9867

Springfield **$135,000**

Charming TH, 2BR, 1BA (potential for 2nd). Lg eat-in kit w/Fr doors, DR & LR w/new hdwd flrs, off st prkg, back yd, brick patio, 910 Pendleton 999-555-3672

Vocabulary — abbreviations

What do these abbreviations mean? Look through newspaper ads in your local paper and add other abbreviations to this list.

BA	TH	LR
BR	Lg	hdwd flrs
gar	w/Fr doors	yd

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Grammar Review

Comparing three or more things or three or more groups of things

The superlative degree of one-syllable adjectives is formed by adding *est*.

One-syllable superlative = adjective + est
Example: (old–oldest)
The white house is the **oldest** house in the neighborhood.

The superlative degree of adjectives with more than two syllables is formed by using *most*.

More than two syllables = most + adjective
Example: (attractive–most attractive)
The real estate agent showed us the **most attractive** houses in town.

***The* precedes the superlative form of all adjectives.**

Use the superlative degree of adjectives to write sentences comparing the homes listed in the newspaper ads on page 32.

1.

2.

3.

4.

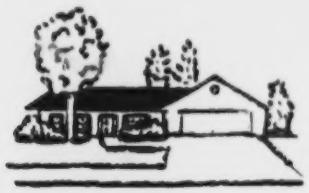
5.

Writing

Which of the three houses listed below meets most of your housing preferences? Make a list of questions that you would like to ask the owner about that house.

Shoppers' guide

Which of the three houses meets most of your housing preferences?



CRYSTAL COVE **$129,000**

Brick ranch. 3 BR, 1 1/2 BA. 2-car garage, and a fenced backyard. Walk to shopping and restaurants from this terrific neighborhood. 7th Avenue and Greenway Parkway 999-555-4876

PALISADES

3 BR/ 2 BA townhouse plus family room. Close to everything. All for $85,000. Tracy Brown, Inc. 999-555-2987

MOUNTAIN VIEW **999-555-1234**

2 BR/1 BA fixer-upper special. Hdwd floors, f'place, in old neighborhood. Now priced $40,000. For sale by owner.

Oral practice — in pairs

First, compare your housing requirements for your dream home with the information about the house below. Make a list of the features you like and dislike.

Partner A: You are selling this house. Try to sell it to Partner B by talking about the advantages this house offers.

Partner B: Use your list of likes and dislikes to decide if you want to buy this house. Tell the seller about the features you dislike.

TLC Real Estate
67 Elder Avenue
Chester, MA 01287

Residential property information

Address:	89 Maple Street, Chester	Asking price:	$87,000
Near:	Center Street		
Lot size:	5,200 sq. ft.		
Taxes:	$1,578		
Type:	1-level ranch		
Exterior:	Brick	Bsmt.:	Full, unfinished
Roof:	Shingle	Heat:	Gas
Appliances:	Stove, washer/dryer		Patio

	LR	DR	KT	BR1	BR2	BR3	BR4	BTHS	OTHER
Rooms	X	X	X	X	X			1 1/2	

Deciding how much to offer

You may decide to pay the owner's asking price for the house. However, you can offer less than the asking price. Before you decide, ask these questions:

1. Is the asking price about the same as the recent sales price of similar homes in the neighborhood?

The market value means the selling price of similar homes in the area. Your real estate agent should find out the market value of other houses in the neighborhood. This can tell you if the asking price is fair.

2. Is the house in good condition?

If the house is in need of major repairs, it will be worth less.

3. Do the owners have to sell quickly?

If the owners have to sell quickly, they may take less money. It is a good idea to find out how long the house has been on the market.

4. How much can you afford?

Know how much money you can give as a down payment. Also, be sure you can afford all the monthly housing payments, including mortgage, taxes, insurance, and utilities. Sometimes the seller will pay for repairs before your final offer. If the seller can pay for some of the costs, the asking price may be fair.

Comprehension check

Choose the best answer and circle the letter.

1. The asking price is the amount
   a. the seller wants for the home.
   b. the buyer pays for the home.
   c. the bank wants for the home.

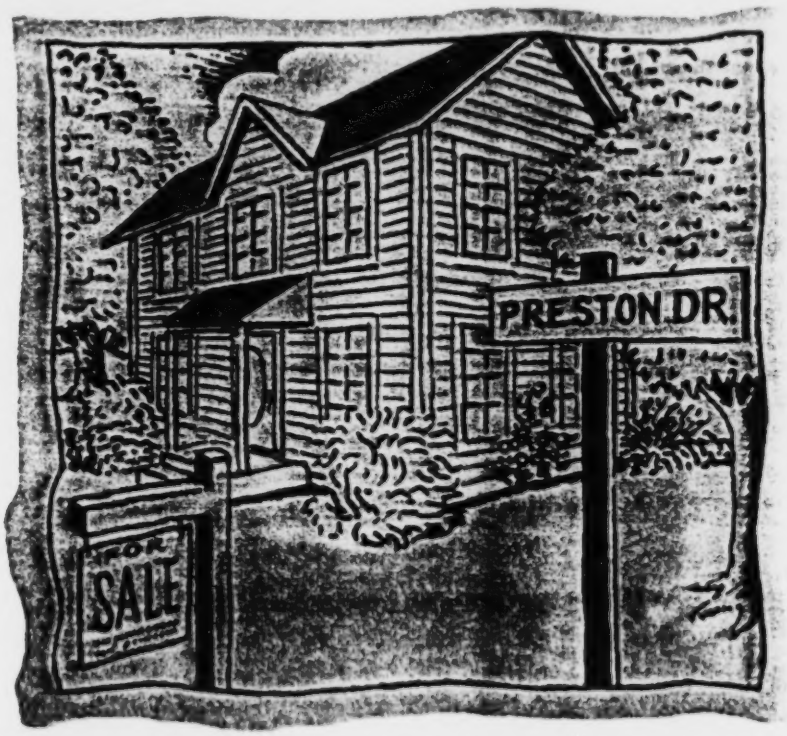
2. The market value is
   a. the price of the most expensive home in the neighborhood.
   b. the selling price of similar homes in the neighborhood.
   c. the asking price of similar homes in the neighborhood.

3. If the house has been for sale for a long time, the owner will probably
   a. increase the asking price.
   b. decrease the asking price.
   c. decrease the market value.

4. If the house needs many repairs, the owner will probably
   a. increase the asking price.
   b. decrease the asking price.
   c. decrease the market value.

Talk about it!

In a group, decide how much you will offer for this house. Explain your reasons to the class.



The house on Preston Drive is selling for $150,000. It has 3 bedrooms, 1½ baths, and a living room. The house is 30 years old and needs a new kitchen and a new roof.

Vocabulary

Read and pronounce the new words. Fill in the blank with the best answer.

asking price market value similar condition offer

The house on Larkspur Lane was in good (1), except for the leaking roof. The (2) of (3) houses in the area was $135,000. Mrs. Sherman, the owner of the house, felt that the (4) of $150,000 was fair. However, the Greens made an (5) of $125,000 because they knew they would have to repair the roof.

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Grammar review

Using comparative and superlative adjectives

Example: A townhouse is **larger** than an apartment.
A colonial house is the **largest** of the three.

Find ads for three different houses in the real estate section of the newspaper. Write sentences using the comparative and superlative forms of adjectives to describe their differences.

1.

2.

3.

4.

5.

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Writing

Go to an open house, walk through a model home in your area, or watch a real estate show on television. Fill out this checklist for each house that you see. It will help you compare houses. If you look at a house, do not be afraid to ask the seller and the real estate agent questions.

House checklist

Location:			
Price:	$	(asking)	
Neighborhood:	Ideal	Acceptable	Poor
Style:			
Condition:	Excellent	Good	Poor
Rooms:	Bedrooms	Bathrooms	Living room
	Kitchen	Dining room	Garage
	Others:		
Special features:	Air-conditioning	Deck	Porch
	Fireplace		
Other information:	Lot size	Stores	Schools
	Taxes	Transportation	
Heat:	Forced air	Radiators	Other
Fuel:	Gas	Oil	Electric

Unit 2 Review

Checking the facts

Answer True or False.

1. Three styles of houses are Victorian, Colonial, and Ranch. T F
2. Older houses usually have better heating systems. T F
3. A real estate agent can give you a list of houses in your price range. T F
4. Usually, the house seller pays the real estate agent. T F

Vocabulary to remember

Fill in the blanks.

1. Wood and vinyl are two types of _____.
2. The _____ is the amount of money the sellers want for the house.
3. One way to find a real estate agent is by _____.
4. A porch, deck, or fireplace is a special _____.
5. The _____ means the price of similar homes in the area.

Unit 3

Getting a mortgage may be easier than you think!

1. What are Rosa and Manuel Castillo doing?
2. How do you think Rosa and Manuel feel?
3. How can Rosa and Manuel get help to buy their dream home?

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Lesson 1

What you should know about mortgage loans

When you shop for clothes or food, you compare prices. When you shop for a loan, you must compare the **terms of the loan**. The terms of the loan include the type of mortgage, the size of the down payment, the amount you can borrow, the interest rate, and the length of time you have to repay. When you call different mortgage lenders about their terms, these are some definitions that you should know.

Principal is the amount of money that you actually borrow or the amount of the loan that is still unpaid.

Interest is the charge for using the lender's money. Lenders often change their rates daily. In addition, they have different rates for different types of mortgage loans.

Fixed-rate mortgage loan means you always pay the same rate of interest.

Adjustable-rate mortgage (ARM) loan means your rate will increase or decrease usually once or twice a year.

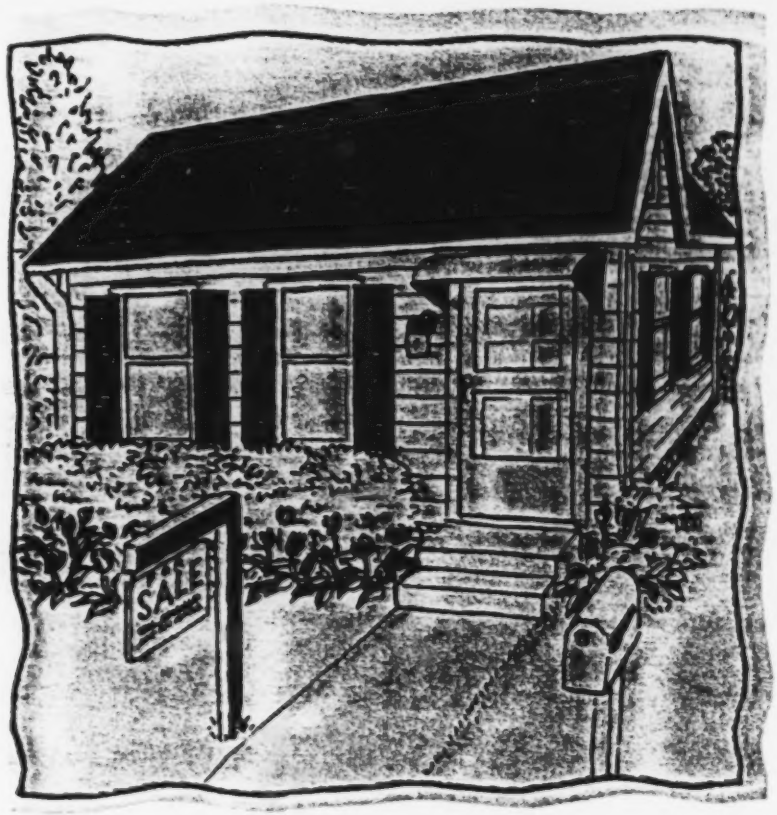
Term is the amount of time that you have to repay the loan. People often choose a term of 30 years to repay. Generally, the more time you have to repay the loan, the lower the monthly payments will be.

Points refer to a type of fee that lenders may charge. Each point equals 1 percent of the loan amount. One point on a $50,000 mortgage loan equals $500. The more points that you pay on the loan, the lower the interest rate is. You pay the points only once, on closing day.

Down payment requirement is the lender's lowest allowable down payment and is the part of the purchase price that the buyer pays in cash.

Closing costs are the expenses buyers and sellers pay to transfer ownership of a home. These expenses are in addition to the sales price of the property. Closing costs can include the loan application fee, title fees, and attorney fees. The law says the lender must give you a statement of the estimated closing costs within 72 hours of when you apply for a loan.

Special mortgage loans can help you buy your dream home



Many lenders and some communities have programs to help first-time buyers. With some of these programs, you may be able to accept a gift from a relative. Or, you may be able to borrow part of the money you will need for a down payment or closing costs from a local nonprofit organization or government agency. With other special mortgage programs, you may be able to get money that you will not have to repay. You can use this money to cover some of the costs of buying a home.

Special loan programs

Special loan programs often exist to help first-time buyers. With some of these programs, you may be able to accept a gift from a relative or borrow a portion of the money you will need for the down payment and closing costs from a local nonprofit organization or government agency. With others, you may be able to get a grant or other funds that you will not have to repay and can use to cover some of these costs. If you don't qualify for a mortgage based on some of the traditional underwriting factors described earlier, you may want to find lenders who offer special mortgage loans like these. These loans allow you to use a greater percentage of your income toward monthly housing expenses and will not require you to have two months of cash in reserve at closing. If you don't have a traditional credit history, you can show you have a good credit history using your rent and utility receipts. Ask lenders in your area about these programs.

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Comprehension check

Choose the best answer and circle the letter.

1. When you shop for a mortgage loan, you should

   a. look for the lowest interest rate.

   b. ask for a term of 30 years.

   c. compare the terms of a loan.

2. The principal is the

   a. amount of money that you borrow.

   b. charge for using the lender's money.

   c. amount of time you have to repay the loan.

3. _____ include the loan application fee, the lawyer's fees, and the credit report fee.

   a. Points

   b. Closing costs

   c. Down payment requirements

4. Some special mortgage programs

   a. help first-time buyers who have difficulty paying the down payment and closing costs.

   b. give you a free home.

   c. help first-time home buyers who get money from relatives.

Vocabulary

Match the words in the first column with their meaning in the second column.

1. principal	A. become greater
2. interest	B. lawyer
3. fixed	C. a charge for using the lender's money
4. adjustable	D. stays the same
5. increase	E. become smaller
6. decrease	F. the amount of time you have to repay the mortgage loan
7. term	G. the fee the lender may charge equaling 1 percent of the loan
8. point	H. changeable
9. down payment	I. the amount of money you borrow
10. attorney	J. the part of the purchase price you pay in cash

Talk about it!

Mohammad Zayed wants to buy a town house for $58,000. He has saved some money, but he will need a loan. He has an appointment to meet with a lender at his bank. He has already completed the following application worksheet because he knows the lender will ask for this information.

Read Mohammad's loan application worksheet on the next page and discuss these questions with your classmates. Report your group's answers to the class.

1. How much money does Mohammad have in his bank accounts?
2. How much is Mohammad's total debt?
3. If the loan requires a minimum down payment of 5 percent, how much will Mohammad's down payment be?
4. Mohammad plans to make a $3,000 down payment and borrow $55,000 over 30 years at 8 percent interest. How much will his monthly mortgage payments be? Refer to the Monthly Payment chart on page 59.
5. In your opinion, will Mohammad be able to repay this loan? Explain your answer.

Borrower: Mohammad Zayed
Social Security Number: 000-02-8947
Co-Borrower: None
Social Security Number: N/A
Mailing Address: 45 Maddox Lane
Houston, TX *Phone:* (999) 555-3298
Property Address: 1234 Oak Park Court
Houston, TX *Phone:* (999) 555-9742
Property Contact Person: John Miller *Phone:* (999) 555-9742
Real Estate Broker: Mary Ann Clancy *Phone:* (999) 555-2468
Attorney: *Phone:*

Employment
List most recent employment first:

Name of Employer	Address	Dates Employed	Salary
ZETech	Houston, TX	6/93 - Present	$25,000
ABC Corporation	Dayton, OH	10/91 - 5/93	$20,000

Bank Accounts – savings, checking, others

Name of Bank	Address	Acct. Number	Type of Account	Estimated Balance
Star Bank	Houston, TX	029487-09887	Savings	$2,000
Star Bank	Houston, TX	093827-09875	Checking	$2,500

Landlords (past two years)

Name of Landlord	Address	Dates you rented
William Douglas	108 Maddox Lane Houston, TX	1993 - Present

Credit Cards – department stores, banks, others

Name of Creditor	Address	Acct. Number	Monthly Payment	Estimated Balance Due
Yellow Rose Furniture Company	Houston, TX	94-675-0003	$50	$500
Excellent Credit Card Company	Hicksville, NJ	9876-98765-0064	$75	$150

Loan information – car, student, other

Name of Lender	Address	Acct. Number	Monthly Payments	Estimated Balance Due
King Imports	Houston, TX	01-55634	$250	$3,000

Previous Credit Reference

Name of Lender	Address	Acct. Number	Type of Loan	Date Paid

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Grammar review

Using adverb clauses to show time relationships — time clauses with *before, after, as soon as,* or *since*

When the present tense is used in the adverb clause with *before, after,* or *as soon as*, the future tense is used in the main clause.

Examples: Mohammad will speak to the real estate agent **before** he sees the mortgage lender.

He will get a mortgage loan **after** he qualifies.

The present perfect tense is used in the main clause when *since* is used in the adverb clause.

Example: The Nguyens have made monthly payments **since** they bought their house.

Write sentences using *before, after, as soon as,* or *since* to describe shopping for and applying for a mortgage loan.

1.

2.

3.

4.

5.

Writing

Using the loan application worksheet on page 49 as a guide, fill out your own worksheet.

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Lesson 2

How to shop for a loan

If you have a job history, a credit report or a nontraditional credit history, and some savings, you can shop for a loan to help you buy your dream house. Many places in your community offer different types of mortgage loans. It is important to compare the different loans to find the one that is best for you.

When you begin to shop for a mortgage loan, you may want to talk to your own bank or credit union. Call them and ask them about home mortgages. Your real estate agent may help you find a loan too. Ask friends and co-workers where they got their mortgages. Also, look in the real estate section of your newspaper to learn about local lenders and their mortgage rates.

Find an example of each of these financial institutions in your area by looking in the real estate section of the newspaper. You can also look in the yellow pages of your telephone book under mortgages, banks, savings and loans, credit unions, and financing. Write the name and the telephone number of the institution in the spaces below.

	Name	Telephone
Savings and loan association		
Commercial bank		
Mortgage company		
Credit union		
Financial company		
Department of Housing and Community Development *(Look in the blue pages of your telephone book under the local government where you live.)*		

Requesting information about mortgage rates

If you want to compare mortgage loans, you will have to ask the right questions. Be sure to ask about the interest rate and points on both fixed- and adjustable-rate mortgage loans.

Bob Williams is trying to compare the terms offered by different lenders so that he can find the mortgage loan that is right for him.

Ms. Lopez:	Hello, Heartland Bank Mortgage Department. May I help you?
Bob Williams:	Yes, I'd like some information on your mortgages. What are the rates on the 30-year fixed-rate mortgage?
Ms. Lopez:	That's 8 percent interest and 3 1/2 points.
Bob Williams:	What are the rates on a 15-year fixed-rate mortgage?
Ms. Lopez:	That's 7 1/4 percent interest and 2 3/4 points.
Bob Williams:	What are the rates on a one-year adjustable?
Ms. Lopez:	That's 6 1/2 percent and 1 1/4 points. Would you like to come in and fill out a loan application?
Bob Williams:	Not right now, but thank you. Goodbye.

Comprehension check

Choose the best answer and circle the letter.

1. You can find information about local lenders and their rates in the
   a. real estate section of the newspaper.
   b. yellow pages of the telephone book.
   c. classified ads.
2. Commercial banks, credit unions, and mortgage companies
   a. offer the same interest rates on mortgage loans.
   b. will not ask for a credit history.
   c. have various rates for different types of mortgage loans.
3. It is important to find a mortgage lender
   a. that is in your community.
   b. that speaks your language.
   c. that offers the best loan for you.

Discuss these questions with a small group of your classmates. Report your group's answers to the class.

1. What are the advantages and disadvantages of a fixed-rate mortgage loan?
2. What are the advantages and disadvantages of an adjustable-rate mortgage?

Vocabulary

Fill in the blank with the correct word.

financial institutions

nonprofit organization

government agency

qualify

1. An organization that helps the community but does not make money is called a

2. The state department of housing and community development is a

3. If you meet the lender's requirements, you may for a loan.

4. Banks, mortgage companies, and credit unions are

Grammar review

In a direct quotation (direct speech), we give the words of the speaker exactly as they are spoken. Quotation marks are necessary with direct speech.

With reported speech (indirect speech), we can report what someone says. In this case, quotation marks are not necessary. If the reporting word (*said*) is in the past, the verb from the actual speech will usually be in a past form.

Examples: The mortgage lender said, "The interest rate **will** stay the same."

The mortgage lender said that the interest rate **would** stay the same.

Note: The word *that* is optional after *said* in reported speech.

Change the statements below to reported speech.

1. The real estate agent said, "The mortgage department at Heartland Bank will help you."

2. The house sellers said, "We can repair the roof on the house."

3. The house buyers said, "We will offer less than the asking price."

4. The home inspector said, "Everything looks good."

5. The mortgage lender said, "You will have 30 years to repay the loan."

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Writing

Closing day

Manuel and Rosa have bought their dream house. Write about how the Castillos found their house and bought it. Use your imagination and what you have learned about finding and buying a house. The following questions will help you. When you have finished writing, find a picture of your dream home from a magazine or real estate shoppers' guide.

- Why did the Castillos decide to look for a house?
- How did the Castillos find their house, and how much did it cost?
- How much was their down payment?
- How much did they borrow? Did they have a special mortgage program?
- What are their monthly mortgage payments?

Oral practice — in pairs

Partner A: Look at **Mortgage Rate Chart A**. Your partner should be looking at Mortgage Rate Chart B on page 58. Ask your partner questions to fill in blanks on chart A. Your partner will have the information you need in his or her chart. Do not look at your partner's book.

Example: What are the rates on the 30-year fixed-rate mortgage at Hometown Bank?

Mortgage Rate Chart A

Lender	Terms	Interest Rate	Points
Hometown Bank	30-year fixed		
	15-year fixed		
	1-year adjustable		
Pacific Mortgages	30-year fixed	8%	3
	15-year fixed	7 1/4%	2 3/4
	1-year adjustable	5 3/4%	3
R. Smith Mortgages	30-year fixed		
	15-year fixed		
	1-year adjustable		
Central First	30-year fixed	8%	2 7/8
	15-year fixed	7 1/2%	2 5/8
	1-year adjustable	6 3/4%	3

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Partner B: Look at **Mortgage Rate Chart B**. Your partner should be looking at Mortgage Rate Chart A. Ask your partner questions to fill in blanks on chart B. Then write the information in the chart. Do not look at your partner's book.

Example: What are the rates on the 30-year fixed-rate mortgage at Pacific Mortgages?

Mortgage Rate Chart B

Lender	Terms	Interest Rate	Points
Hometown Bank	30-year fixed	8%	3
	15-year fixed	7 1/2%	2 1/2
	1-year adjustable	6 1/2%	2
Pacific Mortgages	30-year fixed		
	15-year fixed		
	1-year adjustable		
R. Smith Mortgages	30-year fixed	9%	0
	15-year fixed	8%	0
	1-year adjustable	6 3/4%	3
Central First	30-year fixed		
	15-year fixed		
	1-year adjustable		

Working with numbers

Solve the problems below. Use the Monthly Payment chart to find the answers to Problems B and C. The monthly mortgage payment includes the interest plus the principal.

Problem A

Buonlap has a mortgage of $20,000. His mortgage contract says that he must pay for two points. What is the total amount he must pay for the points?

Problem B

Tran Nguyen bought a house for $40,000. His down payment was $5,000. He needed a $35,000 mortgage. His bank gave him a $35,000 mortgage loan payable over 30 years at 8 percent interest. How much are his monthly mortgage payments?

Problem C

Andre Moreau and his wife have found a house that costs $50,000. The Moreaus want to pay $10,000 as a down payment. How much money will they need to borrow? What will their monthly mortgage payments be if the interest rate is 9 percent on a 30-year loan?

Use Problems A, B, and C as examples to make up a problem of your own about monthly mortgage payments or points. Ask a classmate to solve it.

Monthly Payments on a 30-Year Fixed-Rate Mortgage

(Monthly payments shown include principal and interest only. Real estate taxes and homeowners insurance are not included.)

Loan Amount	Interest Rates							
	6.5%	7%	7.5%	8%	8.5%	9%	9.5%	10%
$25,000	158	166	175	183	192	201	210	219
$30,000	190	200	210	220	231	241	252	263
$35,000	221	233	245	257	269	282	294	307
$40,000	253	266	280	294	308	322	336	351
$45,000	284	299	315	330	346	362	378	395
$50,000	316	333	350	367	384	402	420	439
$55,000	348	366	385	404	423	443	462	483
$60,000	380	399	420	440	462	483	505	527
$65,000	411	432	454	477	500	523	547	570
$70,000	442	466	489	514	538	563	589	614
$75,000	474	499	524	550	577	603	631	658
$80,000	506	532	559	587	615	644	673	702

Unit 3 Review

Checking the facts

Answer True or False.

1. It is important to compare loan terms to get the best rates.	T	F
2. A lower interest rate means a lower monthly mortgage payment.	T	F
3. The down payment is always 5 percent of the purchase price.	T	F
4. Special mortgage programs can help low-income home buyers get a mortgage.	T	F
5. The amount of time you have to repay the mortgage loan is always 30 years.	T	F

Vocabulary to remember

Fill in the blanks.

1. The _____ is the amount of money you actually borrow or the amount of the loan that is still unpaid.
2. The charge for using the lender's money is the _____.
3. The more _____ you pay on a loan, the lower the interest rate will be.
4. The _____ is the part of the purchase price the buyer pays in cash at the time of sale.
5. _____ include the loan application fee, credit report fee, and the attorney fees.

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Unit 4

Your home is your castle

1. What is the family doing?
2. What is their neighbor doing?
3. Who is responsible for maintenance on your home?
4. What types of repairs or maintenance have you done on your home?
5. In your opinion, is it important to know your neighbors?
6. Explain the saying, "Your home is your castle."

Lesson 1

Protecting and maintaining your home

Protecting your property from fire and theft

After you have moved into your new home, it is important to protect your property. You can protect your home against fire and theft by following a few safety rules.

1. Keep a list of emergency phone numbers near your telephone. Be sure to include telephone numbers for the police, doctor, hospital, and fire station.

2. Put a smoke detector on the ceiling outside bedroom doors and near the living room. You will need at least one on each floor of your home. Check them often to make sure they work.

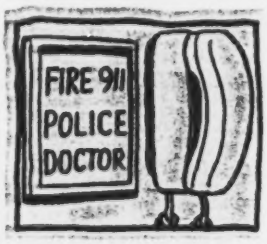
3. Keep a fire extinguisher in or near the kitchen. If you have a large house, place a fire extinguisher on each floor, in the garage, and in the basement.

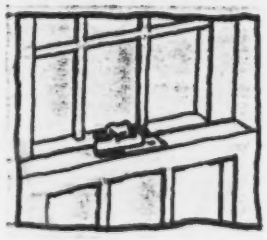
4. Make sure that all doors and windows have locks. It's a good idea to change the locks as soon as you move into your new house.

5. Join the neighborhood watch program in your community. Neighbors try to prevent robberies by watching their streets and then warning each other (and sometimes the police) if they see strange or suspicious people or cars in the neighborhood.

Safety rules

Which safety rules are being followed in the pictures below? Why is it important to follow these rules? Try to add some safety rules to this list.





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Maintaining your home

When you rent a home, your landlord is responsible for repairs. However, if you own a home, you are responsible for maintenance and repairs. Maintaining your home may take more time and be more expensive than you think. Your roof may start to leak, or you may need to replace a furnace. Even the cost of minor repairs can add up. Your household budget should include money for both routine maintenance and emergency repairs.

Whether you move into a new home or an older home, it is important to know how everything in your house works, including the electricity, plumbing, large appliances, and heating system. In case of an emergency, you should know how to cut off the water and gas supply. You should also know where the fuse box and main electrical switch are located and how they work.

You can usually get this information from a home inspector. Before you close on the purchase of your home, you can hire a home inspector to check the mechanical and structural condition of the home and give you a written report on it. It is a good idea to make a list of questions for the inspector and to write the answers in a notebook.

Do-it-yourself repairs

You can save money by doing minor repairs yourself. To learn how to make repairs, you can take a home repair course through your local adult education program. Another possibility is to go to the library and borrow some books on do-it-yourself home repairs.

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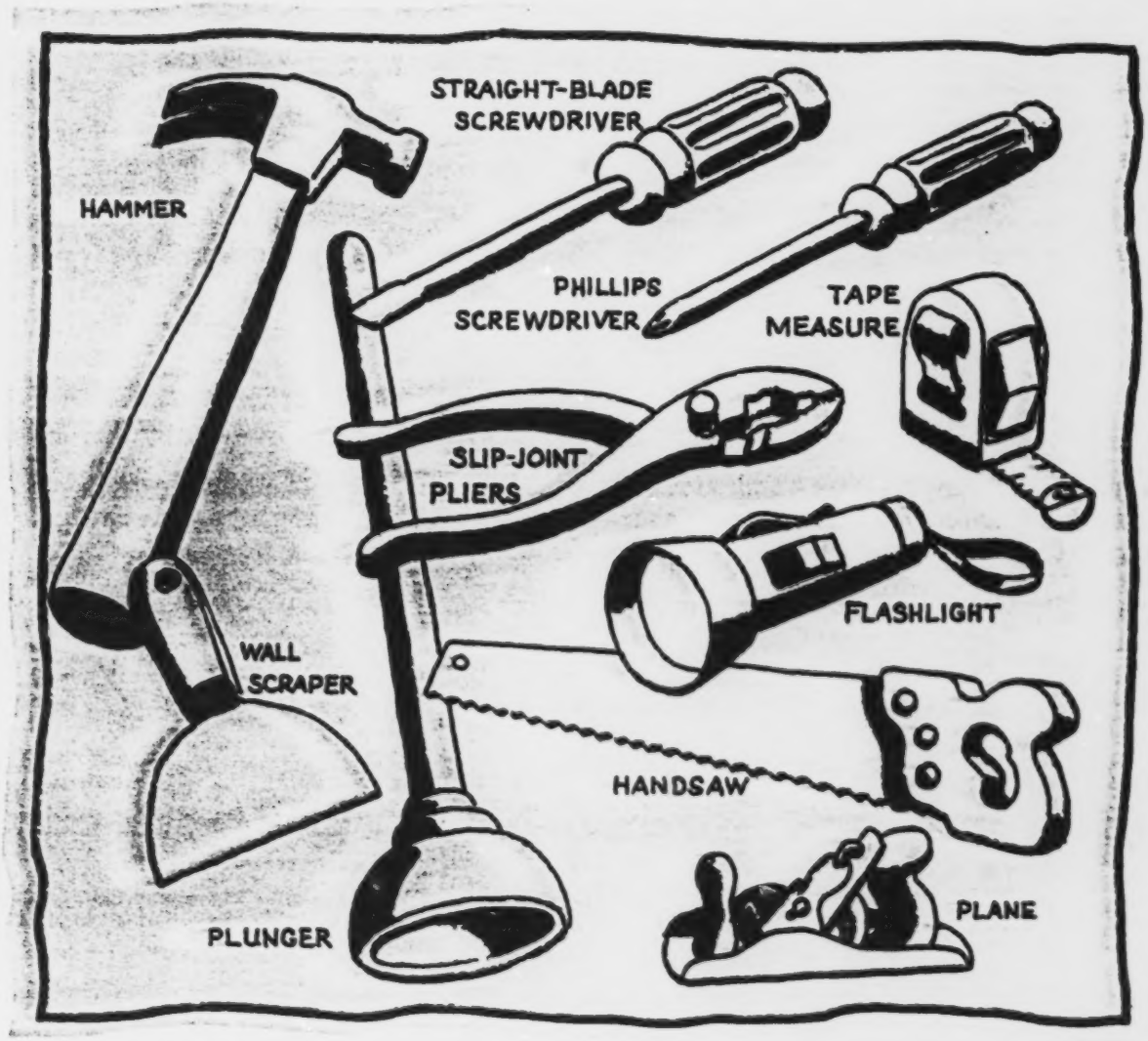
Your toolbox

Below are pictures of a few basic tools that will be necessary for minor repairs. Explain how to use each of these tools for minor home repairs. Describe how a tool is used (without naming the tool) and have a partner guess which tool you have described.



Comprehension check

Choose the best answer and circle the letter.

1. It is important to check smoke detectors often because

   a. they fall apart.

   b. dust can clog them.

   c. the batteries die.

2. It is a good idea to keep next to your telephone.

   a. a smoke detector

   b. a list of emergency numbers

   c. a fire extinguisher

3. The home inspector can give you information about

   a. how the electricity, plumbing, and heating systems work.

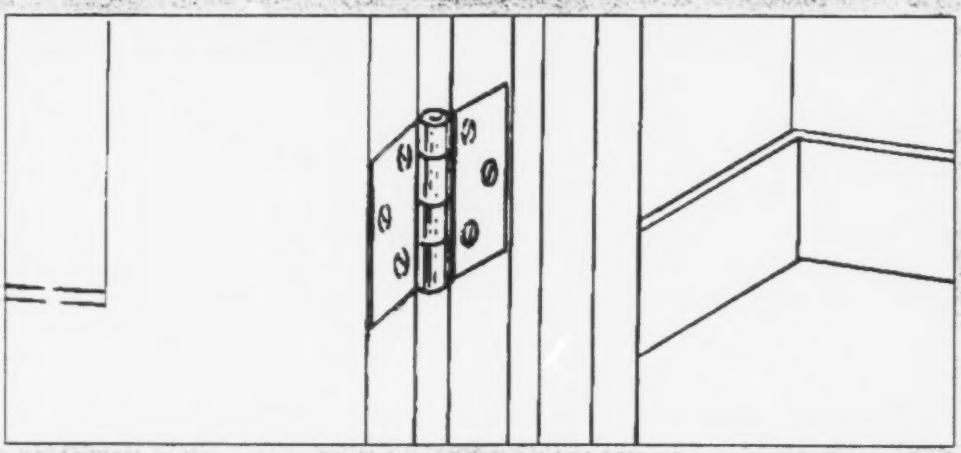
   b. the schools in your area.

   c. special mortgage loans.

Talk about it!

The Moreaus bought an older house. Unfortunately, many of the doors stick. Andre decided that he would try to fix the doors himself. He found the following directions in a do-it-yourself guide.

Easing a Sticking Door



If the bottom corner of a door is rubbing on the frame, it is probably swollen. Take the door off its hinges and shave the corner down with a plane. Replace the door. If the top corner is rubbing, check the hinges before doing any planing. After years of use, hinges become worn so that the pins are slack and the door drops. In this case, fit new hinges, or, as a cheaper alternative, swap old hinges, the top with the bottom, which will reverse the wear on the pins. Finally, replace the door and check to see that it no longer sticks.

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First, read the directions for repairing a sticking door on page 66. Work with your group to find the meaning of new words in a dictionary. Write the definition next to the word and/or draw a picture.

Frame

Swollen

Hinges

Plane (planing)

Pins

Swap

Next, on a large piece of poster paper, illustrate the steps to repairing a sticking door. (Remember that there are two types of sticking doors.) When you have finished, use your diagram and illustrations to explain the procedure to the class.

Vocabulary

Fill in the blank with the correct word.

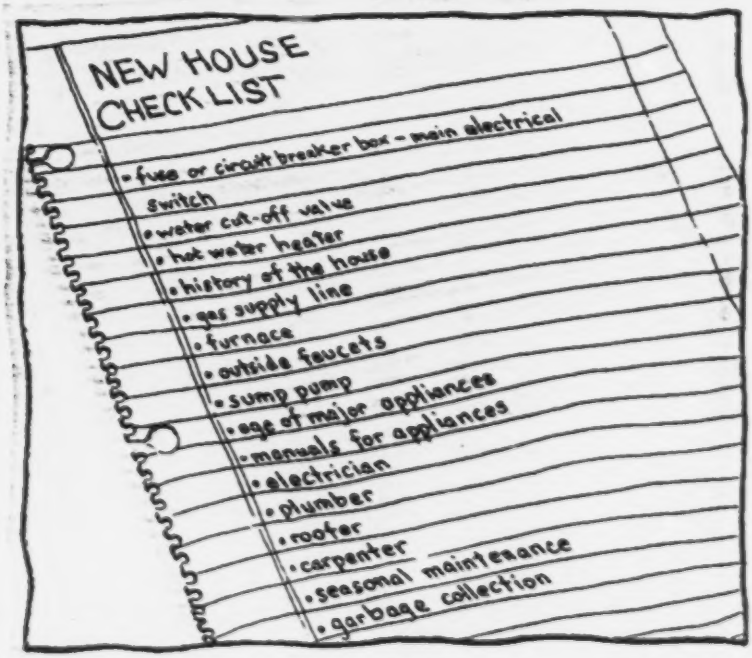
responsible repair routine mechanical structural

1. If the roof leaks, you will have to it.
2. The cracks in the basement walls were an example of problems.
3. The new owner is for changing the locks on the house.
4. The broken heating system was only one of the problems in the home.
5. Cleaning the furnace every fall is maintenance.

Grammar review — question formation

The Nguyens are going to close on their house tomorrow. Tran Nyugen and his wife, Thuy, are meeting the former owner and the real estate agent to walk through their new home. They have made a list of things that they want to know about their new home.

Look at the list below. These are the notes that Tran made. How would you ask the former owner for information? Use the items on the list to form questions. For example, "fuse or circuit breaker box" = "Do you have a fuse box or a circuit breaker box? Could you show me the circuit breaker box?" You may have several questions for each item.



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Writing

Seasonal home maintenance checklist

Routine maintenance can help you save money on expensive repairs. Discuss with your class the kinds of routine maintenance you might have to do in the fall and spring. Put together a maintenance checklist for fall and spring. Add at least three more items to each checklist. Explain your answers to the class.

Fall checklist

Outside

❒ Remove window air-conditioners, or put covers on them.

❒

❒

❒

Inside

❒ Check insulation wherever possible. Replace or add if necessary.

❒

❒

❒

Spring checklist

Outside

❒ Check all door and window screens; patch or replace as needed.

❒

❒

❒

Inside

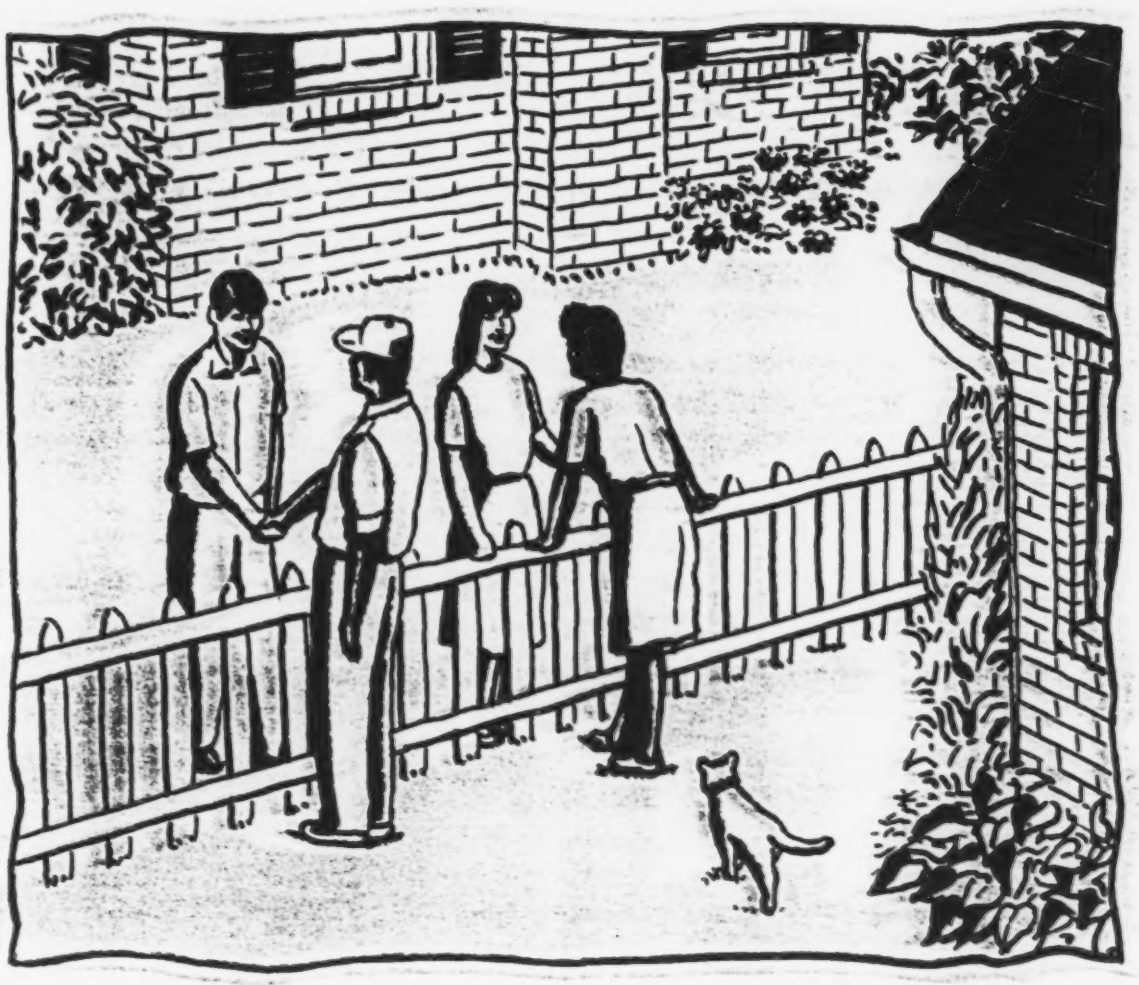
❒ Replace filters on air-conditioners.

❒

❒

❒

Oral practice — in pairs



It is important to meet your new neighbors as soon as possible. They can give you information about your neighborhood and your community.

Find a partner. Pretend that you have just moved into your partner's neighborhood. Ask for information about the topics on the following page. You can use expressions like, "Do you know where ___?" "Can you tell me about ___?" "Where do you ___?" "When does ___?" "Are there any ___?" Record the information. When you have finished, have your partner interview you about your neighborhood.

Location of the nearest:

Supermarket

Video store

Recreation facility

Library

Hospital

Restaurants

Hardware store

Police station

Fire station

Park

Day and time for:

Trash collection

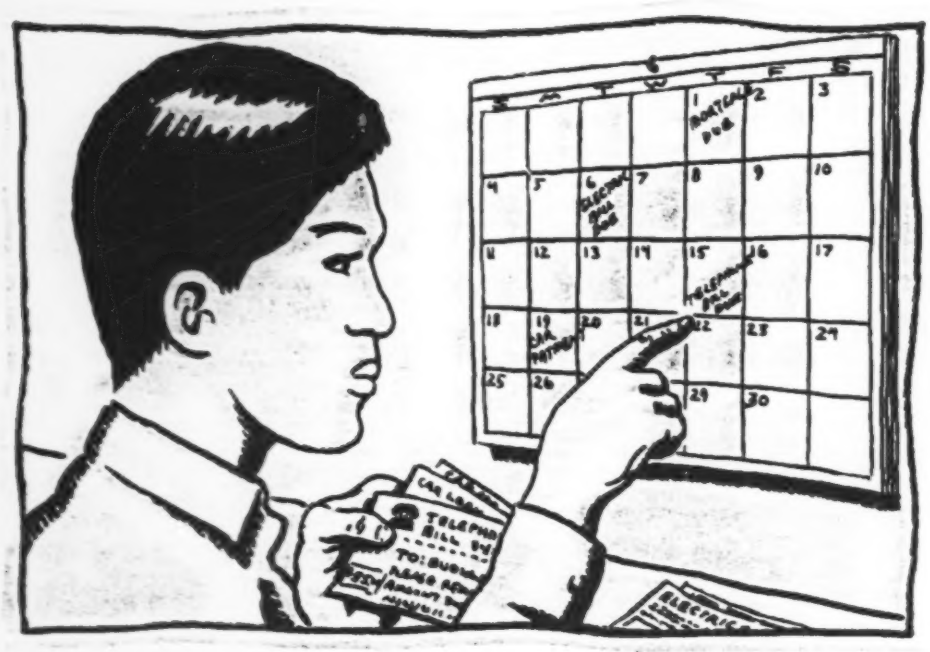
Leaf collection

Recycling

Babysitters for your children:

Lesson 2

Planning for monthly expenses in your new home



It is very important to plan for monthly expenses. If you do not make your mortgage payments each month, you might lose your home. If you forget to pay your utility bills, the utility company might cut off your water, electricity, or gas.

Your household budget

A budget is one way to be sure that you pay your bills on time. Here are some suggestions that will help you plan how and when to pay household expenses.

1. Know when your bills are due.
2. Know how you spend your money. Keep receipts. Write down everything you spend for a whole month.
3. Plan for large expenses, for example, homeowner's insurance or car insurance. Mark the date and amount due on a calendar.
4. Save money for home maintenance and emergency repairs.
5. Set aside money from your paycheck for savings. You never know when you might need a new hot water heater. If you have some savings, you will be ready for major emergencies.

Tax advantages

If you have a mortgage loan, each year you can deduct the interest you pay on your loan from your federal income taxes if you itemize your deductions. If you paid points at closing, you may also deduct these from your federal income taxes. In addition, you may also deduct the amount you pay for local real estate taxes.

For example, if you are paying 10 percent interest on an $80,000 mortgage payable over 30 years, your total monthly payments of principal and interest for the year equal $8,424. In the first year of the loan, you will pay the lender $7,944 in interest and only $480 in principal. This means you may be able to subtract $7,944 from your income that year, if you itemize your deductions.

In addition, you pay homeowner's insurance and real estate taxes as part of your monthly mortgage payment. You can usually deduct your local real estate taxes from your federal income taxes. However, you cannot deduct your homeowner's insurance.

Be sure to keep records of any improvements you make on your home. For example, if you build an additional bathroom, keep all of the bills for the work. Although you cannot deduct these expenses from your taxes, the home improvements may lower the amount of taxes on your profit when you sell the house.

Comprehension check

Choose the best answer and circle the letter.

1. You might lose your home if you don't pay

   a. the electric bills on time.

   b. the mortgage on time.

   c. the telephone bills on time.

2. The federal government allows you to deduct _____ from your federal income taxes.

   a. homeowner's insurance

   b. the principal you pay on your mortgage loan

   c. the interest you pay on your mortgage loan

3. You may be able to deduct the _____ from the profit you make when you sell your home.

   a. expense of heating your home

   b. cost of home improvements

   c. monthly payments of principal and interest

Discuss these questions with your classmates. Report your answers to the class.

1. What is the purpose of federal income taxes?

2. Why does the federal government give tax advantages to homeowners?

3. Do homeowners have tax advantages in your native country?

Vocabulary

Fill in the blank with the correct word.

cut off deduct itemize records

1. They kept good . These helped them to prepare their income taxes.
2. The county the Franklins' water because they refused to pay their bill.
3. They had to all of their expenses in order to get the tax advantage.

Grammar review

Articles — *A, an,* and *the*

***A* and *an* are indefinite articles. They refer to objects that have not been specifically identified or previously mentioned.**

Example: Mr. and Mrs. Martin bought **a** house last year.

***The* is a definite article. It refers to a particular object.**

Example: **The** house at 12 Elm Street sold for $84,000.

Use "a," "an," or "the" to write sentences about the tax advantages that homeowners get from the government.

1.

2.

3.

4.

5.

Writing

If you want to buy a house in the future, start saving today. Make a budget.

1. List your monthly income.
2. List your monthly expenses.
3. Subtract your monthly expenses from your monthly income to see how much money remains.
4. Decide how much of that amount you can put into a savings account.

Since this is very personal information, you may want to plan your household budget at home.

A Household Budget

Monthly Expenses	Average Monthly Payment
Rent	$
Utilities	$
Food	$
Clothing	$
Telephone	$
Transportation	$
Entertainment	$
Other	$
	$
	$
	$
Total monthly expenses	**$**
Total monthly income – total monthly expenses =	**$**
Monthly savings	**$**

How much will you save in 1 year? In 5 years? In 10 years?
How much interest can you get on your savings?

Unit 4 Review

Checking the facts

Answer True or False.

1. Routine maintenance can help you save money on expensive repairs. T F
2. Your home inspector can give you information on the mechanical and structural condition of your home. T F
3. You should have at least one smoke detector on each floor of your home. T F
4. You can deduct the principal and interest you have paid during the year from your income taxes. T F
5. The expense of home improvements may lower the amount of taxes on your profit when you sell your house. T F

Vocabulary to remember

Fill in the blanks.

1. In case of fire, it is important to have _____ and _____ in your home.
2. A neighborhood watch program looks for _____ people or cars in the neighborhood in order to prevent crime.
3. _____, _____, and _____ are a few of the tools that you should have for minor repairs.
4. Three types of utilities are _____, _____, and _____.
5. The federal government gives special deductions, or _____, to homeowners in order to encourage people to buy homes.

Glossary

Adjustable-Rate Mortgage (ARM). A mortgage that has an interest rate that can go up or down periodically, usually once or twice a year.

Annual Percentage Rate (APR). The total yearly cost of a mortgage stated as a percentage of the loan amount. This rate includes the interest rate plus points and mortgage insurance.

Asking Price. The advertised amount of money the seller wants for a home. Sometimes the seller will accept an offer that is less than the asking price.

Budget. A plan that lists all your monthly income and expenses.

Closing Costs. The expenses of transferring ownership of a property above and beyond the sales price. Closing costs can include the loan application fee, title fee, points, and attorney fees.

Commission. The percentage of the sales price that the real estate agent earns.

Common Areas. The areas in a condominium, cooperative, or planned unit development that buyers own together. These areas can include hallways, elevators, laundry room, swimming pool, and recreation rooms.

Condominium. A type of property ownership in which the buyers own their own homes, usually single units in a multi-unit building. However, all the buyers share the individual ownership of the common areas and pay a monthly maintenance charge.

Contract. See Purchase and Sale Agreement.

Cooperative. A type of property ownership in which the buyers own a share of the corporation that owns the building, giving the owner the right to occupy the apartments in which they live. The share is equal to the cost of a single apartment. The owner pays a monthly maintenance charge and a portion of the mortgage payment for the whole building.

Credit History. A list of your debts and regular monthly expenses, including how much you owe and how timely your payments are made.

Credit Report. A report of your credit history. The mortgage lender gets this report from a credit reporting agency when you apply for a loan.

Debts. The money you owe on long-term loans, for example, car loans, student loans, and mortgage loans. This may also include the payments you owe on credit cards.

Down Payment. The part of the purchase price of the house that the buyer pays in cash.

Down Payment Requirement. The minimum down payment allowed by the lender.

Fixed-Rate Mortgage. A mortgage in which the interest rate does not change during the entire term of the loan.

Floor Plan. The plan for a home showing the location and measurements of rooms, windows, doors, and major appliances.

Gross Monthly Income. Your total monthly income from all sources before taxes are taken out.

Home Shoppers' Guides. Small magazines that have pictures and descriptions of homes that are for sale. You can usually find these free magazines at the supermarket or newsstands.

Interest Rate. The charge for using the lender's money.

Job History. A list of the places you have worked, your job title, the dates of employment, and your salary.

Loan. A method for borrowing money, often from a bank or credit union. Loans are usually repaid with interest.

Maintenance. The work you must do to keep your home in good condition.

Maintenance Costs. The expense of keeping your home in good condition.

Market Value. The expected value of the home for sale based on recent sale prices for similar homes that are nearby.

Monthly Mortgage Payment. A monthly payment that repays a part of the principal and the interest on a mortgage loan.

Mortgage Insurance. Insurance that protects lenders against loss if the borrower does not repay the loan.

Mortgage Lender. The financial institution that makes the mortgage loan. Financial institutions include mortgage companies, banks, credit unions, and savings and loans.

Mortgage Loan. The type of loan you get to buy a home. You must repay the loan with interest in a specific amount of time.

Net Monthly Income. Your total monthly income after taxes are taken out.

Nontraditional Credit History. A credit history you can prepare if you do not have credit cards or have never had a loan. It can include receipts and cancelled checks for your monthly payments for rent, utilities, and other bills.

Offer. The amount of money the buyer is willing to pay for a home. This may be lower or higher than the asking price.

Planned Unit Development. A type of property ownership in which homeowners own their own homes and usually the land upon which they are built, but pay a monthly charge for maintenance of the common areas.

Points. A type of fee that lenders may charge at closing. Each point equals 1 percent of the loan amount. The more points you pay, the lower your interest rate will be.

Principal. The amount of money that you actually borrow.

Purchase and Sale Agreement. A written contract that the buyer and seller sign. It includes all of the terms and conditions of the sale.

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Real Estate Agent. A person who helps you find a home to buy. The real estate agent receives a commission from the sale of the home, usually paid by the seller.

Term. The amount of time you have to repay the loan. The term for mortgage loans is often 15, 20, or 30 years.

Terms of a Mortgage Loan. The conditions of a loan, including the type of mortgage, the size of the down payment, the amount you can borrow, the interest rate, and the length of time you have to repay.

Utilities. Public services such as the supply of water, electricity, and gas. You usually pay for using utilities at your home on a monthly basis.

Free resources

If you want more information on finding a home or getting a mortgage, the following booklets are available at no cost from the Fannie Mae Foundation. They are available in different languages. Call the toll-free number to order a free copy in your language.

Opening the Door to a Home of Your Own. This easy-to-read guide explains the home-buying process, how to finance a home, and how the mortgage process works. To receive free copies of this guide in English, Chinese, Korean, Vietnamese, Haitian Creole, or Russian, call 1-800-688-HOME (4663). For a free copy of the guide in Spanish, call 1-800-782-2729.

Choosing the Mortgage That's Right for You. This guide will help you learn more about shopping for the right mortgage. To receive a free copy of this booklet in English, call 1-800-688-HOME (4663). For a free copy of the booklet in Spanish, call 1-800-782-2729.

New Americans Guide: How to Become a Citizen, How to Become a Homeowner. This guide provides information on both citizenship and homeownership. To receive a copy of this booklet in English or in Spanish, write to New Americans Initiative, the Fannie Mae Foundation, 4000 Wisconsin Avenue, NW, Washington, DC 20016-2800.

Notes

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